

# **NAMAKWA**

## **DISTRICT MUNICIPALITY**



## **FINANCIAL STATEMENTS**

**30 JUNE 2011**

# NAMAKWA DISTRICT MUNICIPALITY

## Index

<b><i>Contents</i></b>	<b><i>Page</i></b>
General Information	1
Approval of the Financial Statements	2
Report of the Auditor General	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes In Net Assets	6
Cash Flow Statement	7
Accounting Policies	8 - 36
Notes to the Financial Statements	37 - 72
 <b>APPENDICES</b>	
A Schedule of External Loans	73
B Analysis of Property, Plant and Equipment	74 - 75
C Segmental Analysis of Property, Plant and Equipment	76
D Segmental Statement of Financial Performance - Municipal Votes	77
E (1) Actual Versus Budget (Revenue and Expenditure)	78
E (2) Actual Versus Budget (Acquisition of Property, Plant and Equipment)	79
F Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	80

# NAMAKWA DISTRICT MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Namakwa Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

#### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

#### JURISDICTION

The Namakwa District Municipality includes the municipal areas of Khai-Ma Municipality, Nama Khoi Municipality, Richtersveld Municipality, Kamiesberg Municipality, Hantam Municipality and Karoo Hoogland Municipality.

#### MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	F van den Heever
Speaker ( <i>Ex Officio</i> )	BG Vass
Executive Councillor	MS Cardinal
Executive Councillor	EC Drage-Maritz
Executive Councillor	SD Hoskin

#### MUNICIPAL MANAGER

JT Loubser (Acting)

#### CHIEF FINANCIAL OFFICER

FJ Roodtman

#### REGISTERED OFFICE

Private Bag X20  
SPRINGBOK  
8240

#### AUDITORS

Auditor-General  
P.O. Box 446  
PRETORIA  
0001

#### PRINCIPLE BANKERS

ABSA Bank

#### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations  
Municipal Budget and Reporting Regulations

# NAMAKWA DISTRICT MUNICIPALITY

## MEMBERS OF THE NAMAKWA DISTRICT MUNICIPALITY

### WARD

Namakwa District  
Namakwa District  
Namakwa District  
Namakwa District  
Namakwa District  
Proportional-Hantam  
Proportional - Khai-Ma  
Proportional - Kamiesberg  
Proportional-Nama Khoi  
Proportional-Nama Khoi  
Proportional-Nama Khoi  
Proportional-Nama Khoi  
Proportional-Karoo Hoogland  
Proportional-Richtersveld

### COUNCILLOR

F van den Heever  
BG Vass  
EC Drage-Maritz  
SF Nieuwoudt  
CR Warne  
J Swarts  
P van Heerden  
MS Cardinal  
FX Cupido  
SD Hoskin  
KR Groenewald  
S van Wyk  
J van der Colff  
WJ Links

## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 80 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

---

JT Loubser (Acting)  
**Municipal Manager**

---

**Date**

# NAMAKWA DISTRICT MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011

	Notes	2011 R	2010 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>44 642 542</b>	<b>46 254 822</b>
Capital Replacement Reserve	2	710 770	1 837 177
Accumulated Surplus/(Deficit)		43 931 772	44 417 645
<b>Non-Current Liabilities</b>		<b>15 429 530</b>	<b>18 140 912</b>
Long-term Liabilities	3	137 309	3 664 859
Non-current Employee Benefits	4	15 292 221	14 476 053
<b>Current Liabilities</b>		<b>18 253 244</b>	<b>32 922 091</b>
Current Employee Benefits	5	2 529 934	3 350 028
Payables from exchange transactions	6	4 102 793	15 458 747
Unspent Conditional Government Grants and Receipts	7	11 579 640	13 399 697
Current Portion of Long-term Liabilities	3	40 877	713 619
<b>Total Net Assets and Liabilities</b>		<b>78 325 316</b>	<b>97 317 825</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>11 277 022</b>	<b>18 709 126</b>
Property, Plant and Equipment	10	9 465 558	16 880 456
Investment Property	11	393 309	421 403
Intangible Assets	12	1 417 009	1 406 121
Investments	13	1 146	1 146
<b>Current Assets</b>		<b>67 048 294</b>	<b>78 608 699</b>
Inventory	14	661 146	482 367
Receivables from non-exchange transactions	15	1 150 016	728 027
Unpaid Conditional Government Grants and Receipts	7	1 105 408	-
Operating Lease Asset	16	41 997	28 089
Taxes	8.1	840 946	584 913
Cash and Cash Equivalents	17	63 248 782	76 785 303
<b>Total Assets</b>		<b>78 325 316</b>	<b>97 317 825</b>

**NAMAKWA DISTRICT MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011 R	2010 R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>56 320 251</b>	<b>53 250 297</b>
<b>Transfer Revenue</b>		<b>55 865 709</b>	<b>52 893 867</b>
Government Grants and Subsidies	18	55 865 709	52 893 867
<b>Other Revenue</b>		<b>454 542</b>	<b>356 430</b>
Actuarial Gains	4	454 542	345 951
Other	19	-	10 479
<b>Revenue from Exchange Transactions</b>		<b>7 037 749</b>	<b>7 212 527</b>
Rental of Facilities and Equipment	20	950 221	592 074
Interest Earned - external investments	21	3 407 420	3 682 655
Interest Earned - outstanding receivables	22	202 005	-
Income for Agency Services		1 618 456	2 294 478
Other Income	23	859 647	643 320
<b>Total Revenue</b>		<b>63 357 999</b>	<b>60 462 824</b>
<b>EXPENDITURE</b>			
Employee related costs	24	(21 156 741)	(21 539 706)
Remuneration of Councillors	25	(2 256 871)	(2 283 077)
Debt Impairment	26	(181 636)	-
Depreciation and Amortisation	27	(2 096 548)	(1 697 947)
Repairs and Maintenance		(1 799 456)	(1 880 370)
Actuarial Losses	4	(919 317)	(18 564)
Finance Costs	28	(1 492 122)	(2 025 119)
Grants and Subsidies Paid	29	(5 834 507)	(5 848 652)
Other Operating Grant Expenditure		(11 502 561)	(8 940 044)
General Expenses	30	(11 609 020)	(11 719 297)
<b>Total Expenditure</b>		<b>(58 848 778)</b>	<b>(55 952 775)</b>
<b>Operating Surplus for the Year</b>		<b>4 509 221</b>	<b>4 510 050</b>
Gains/(Loss) on Sale of Assets	31	-	(117 268)
(Impairment loss)/Reversal of impairment loss	32	(6 525 471)	-
<b>Net Surplus/(Deficit) from continued operations</b>		<b>(2 016 250)</b>	<b>4 392 782</b>
<b>Net Surplus/(Deficit) from discontinued operations</b>	33	<b>403 970</b>	<b>383 173</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(1 612 280)</b>	<b>4 775 955</b>

**NAMAKWA DISTRICT MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>Capital Replacement Reserve</b>	<b>Accumulated Surplus/ (Deficit)</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>Balance at 1 July 2009</b>	<b>1 836 325</b>	<b>33 706 592</b>	<b>35 542 916</b>
Correction of Error - note 35.5	-	2 059 097	2 059 097
Change in Accounting Policy - note 34.2	-	3 876 853	3 876 853
<b>Restated balance</b>	<b>1 836 325</b>	<b>39 642 542</b>	<b>41 478 866</b>
Net Surplus/(Deficit) for the year	-	4 775 955	4 775 955
Net Surplus/(Deficit) previously reported	-	4 993 655	4 993 655
Effect of Changes to prior year Statement of Financial Performance	-	(217 700)	(217 700)
Transfer to/from CRR	2 458 813	(2 458 813)	-
Property, Plant and Equipment purchases	(2 457 961)	2 457 961	-
<b>Restated Balance at 30 June 2010</b>	<b>1 837 177</b>	<b>44 417 645</b>	<b>46 254 822</b>
Net Surplus/(Deficit) for the year	-	(1 612 280)	(1 612 280)
Transfer to/from CRR	-	-	-
Property, Plant and Equipment purchases	(1 126 407)	1 126 407	-
<b>Balance at 30 June 2011</b>	<b>710 770</b>	<b>43 931 772</b>	<b>44 642 542</b>

# NAMAKWA DISTRICT MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 R	2010 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts			
Taxation		301 440	177 733
Sale of goods and services		-	-
Grants		52 904 244	51 897 043
Investment Income		3 609 425	3 682 655
Other receipts		3 428 324	6 004 608
Cash payments			
Employee costs		(23 413 611)	(24 335 921)
Suppliers		(49 030 840)	(19 062 797)
Finance costs		(145 588)	(677 597)
<b>Net Cash from Operating Activities</b>	<b>36</b>	<b>(12 346 605)</b>	<b>17 685 724</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(989 420)	(2 388 338)
Proceeds on Disposal of Fixed Assets		-	266 264
Purchase of Intangible Assets		(200 495)	(69 622)
(Increase)/Decrease in Long-term Receivables		-	2 303
<b>Net Cash from Investing Activities</b>		<b>(1 189 915)</b>	<b>(2 189 393)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New loans raised		-	-
Loans repaid		-	(608 616)
<b>Net Cash from Financing Activities</b>		<b>-</b>	<b>(608 616)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(13 536 520)</b>	<b>14 887 715</b>
Cash and Cash Equivalents at the beginning of the year		76 785 303	61 897 588
Cash and Cash Equivalents at the end of the year	<b>37</b>	<b>63 248 782</b>	<b>76 785 303</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(13 536 520)</b>	<b>14 887 715</b>



**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

**1.1. BASIS OF PREPARATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The standards are summarised as follows:

REFERENCE	TOPIC
<b>GRAP Framework</b>	Framework for the preparation and presentation of financial statements
<b>GRAP 5</b>	Borrowing Costs
<b>GRAP 6</b>	Consolidated and Separate Financial Statements
<b>GRAP 7</b>	Investments in Associate
<b>GRAP 8</b>	Interests in Joint Ventures
<b>GRAP 101</b>	Agricultural
<b>GRAP 102</b>	Intangible assets
<b>IGRAP 1</b>	Applying the probability test on initial recognition of exchange revenue
<b>IPSAS 20</b>	Related Party Disclosure
<b>IFRS 3</b>	Business Combinations
<b>IFRS 4</b>	Insurance Contracts
<b>IFRS 6</b>	Exploration for and Evaluation of Mineral Resources
<b>IAS 19</b>	Employee Benefits
<b>IFRIC 4</b>	Determining whether an arrangement contains a lease
<b>IFRIC 9</b>	Reassessment of Embedded Derivatives
<b>IFRIC 12</b>	Service Concession Arrangements
<b>IFRIC 13</b>	Customer Loyalty Programmes
<b>IFRIC 14</b>	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
<b>IFRIC 15</b>	Agreements for the Construction of Real Estate
<b>IFRIC 16</b>	Hedges in a Net Investment in a Foreign Operation
<b>Directive 5</b>	Determining the GRAP Reporting Framework

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

<b>ASB guide 1</b>	Guideline on Accounting for Public Private Partnerships
--------------------	---

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not yet effective:

REFERENCE	TOPIC	EFFECTIVE DATE
<b>GRAP 1 (Revised)</b>	Presentation of Financial Statements	1 April 2011
<b>GRAP 2 (Revised)</b>	Cash Flow Statements	1 April 2011
<b>GRAP 3 (Revised)</b>	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2011
<b>GRAP 4 (Revised)</b>	The Effects of changes in Foreign Exchange Rates	1 April 2011
<b>GRAP 9 (Revised)</b>	Revenue from Exchange Transactions	1 April 2011
<b>GRAP 10 (Revised)</b>	Financial Reporting in Hyperinflationary Economics	1 April 2011
<b>GRAP 11 (Revised)</b>	Construction Contracts	1 April 2011
<b>GRAP 12 (Revised)</b>	Inventories	1 April 2011
<b>GRAP 13 (Revised)</b>	Leases	1 April 2011
<b>GRAP 14 (Revised)</b>	Events after the reporting date	1 April 2011
<b>GRAP 16 (Revised)</b>	Investment Property	1 April 2011
<b>GRAP 17 (Revised)</b>	Property, Plant and Equipment	1 April 2011
<b>GRAP 19 (Revised)</b>	Provisions, Contingent Liabilities and Contingent Assets	1 April 2011
<b>GRAP 21</b>	Impairment of non-cash-generating assets	1 April 2012
<b>GRAP 23</b>	Revenue from Non-exchange Transactions	1 April 2012
<b>GRAP 26</b>	Impairment of cash-generating assets	1 April 2012
<b>GRAP 100 (Revised)</b>	Non-current Assets Held for Sale and Discontinued Operations	1 April 2011
<b>GRAP 104</b>	Financial Instruments	1 April 2012

The Municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not yet effective.

REFERENCE	TOPIC	EFFECTIVE DATE
<b>GRAP 25</b>	Employee Benefits	Unkonwn

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

## **1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

## **1.3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

## **1.4. COMPARATIVE INFORMATION**

GRAP 24: Presenting of Budget Information in Financial Statements is not yet effective. However GRAP 1.15 requires a comparison between actual and budgeted amounts. This information has been disclosed in the financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**1.5. MATERIALITY**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

**1.6. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 6 (Revised)	<b><u>Consolidated and Separate Financial Statements</u></b> No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 7 (Revised)	<b><u>Investments in Associate</u></b> No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 8 (Revised)	<b><u>Interest in Joint Ventures</u></b> No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 18	<b><u>Segment Reporting</u></b> Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 24	<b><u>Presentation of Budget Information in Financial Statements</u></b> Information to a large extent is already included in the notes to the annual financial statements.	1 April 2012
GRAP 103	<b><u>Heritage Assets</u></b> No adjustments will necessary other than a separate line item in the Statement of Financial Position and the transfer of the values from property, plant and equipment.	1 April 2012
GRAP 105	<b><u>Transfer of Functions between Entities under Common Control</u></b> No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 106	<b><u>Transfer of Functions between Entities not under Common Control</u></b> No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 107	<b><u>Mergers</u></b> No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**1.7. FOREIGN CURRENCY TRANSACTIONS**

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

**1.8. RESERVES**

**1.8.1. *Capital Replacement Reserve (CRR)***

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The funds in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

The CRR may only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items.

**1.8.2. *Revaluation Reserve***

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

**1.9. LEASES**

**1.9.1. *Municipality as Lessee***

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Transfer of ownership is not required to be recognised as a finance lease. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

**1.9.2. Municipality as Lessor**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

**1.10. BORROWING COST**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

**1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

**1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

**1.13. PROVISIONS**

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

- the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

#### **1.14. EMPLOYEE BENEFITS**

##### ***(a) Post Retirement Medical obligations***

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.



**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**(b) Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

**(c) Accrued Leave Pay**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

**(d) Staff Bonuses**

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

**1.15. PROPERTY, PLANT AND EQUIPMENT**

**1.15.1. Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**1.15.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

**1.15.3. Depreciation and Impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

	<b>Years</b>		<b>Years</b>
<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads and Paving	10-30	Buildings	30-50
Pedestrian Malls	20	Specialist vehicles	10-15
Electricity	20-30	Other vehicles	5-10
Water	15-20	Office equipment	3-15
Sewerage	15-20	Furniture and fittings	5-15
Housing	30	Watercraft	15
		Bins and containers	5
<b><u>Community</u></b>		Specialised plant and equipment	10-20
Buildings	30	Other plant	
Recreational	20-30		

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

Facilities		and	
Security	5	Equipment	2-5
Halls	20-30	Landfill sites	20
Libraries	20-30	Quarries	25
Parks and gardens	20-30	Emergency equipment	10
Other assets	15-20	Computer equipment	3-10

**Heritage assets**

No depreciation

**Finance lease assets**

Office equipment	3-5
Other assets	5

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

**1.15.4. De-recognition**

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.15.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2008. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**1.16. INTANGIBLE ASSETS**

**1.16.1. Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

**1.16.2. Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**1.16.3. Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<b><u>Intangible Assets</u></b>	<b>Years</b>
Computer Software	5-10
Computer Software Licenses	5

**1.16.4. De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.16.5. Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

**1.17. INVESTMENT PROPERTY**

**1.17.1. Initial Recognition**

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of self-constructed investment property is the cost at date of completion.

**1.17.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

**1.17.3. Depreciation and Impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<b><u>Investment Property</u></b>	<b>Years</b>
Buildings	30

**1.17.4. De-recognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.17.5. Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2008.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**1.18. CONSTRUCTION CONTRACTS**

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

**1.19. NON-CURRENT ASSETS HELD FOR SALE**

***1.19.1. Initial Recognition***

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

***1.19.2. Subsequent Measurement***

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS**

**1.20.1. *Cash generating assets***

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

**1.20.2. *Non-cash-generating assets***

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.



**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**1.21. NON CURRENT INVESTMENTS**

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

**1.22. INVENTORY**

**1.22.1. Initial Recognition**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

**1.22.2. Subsequent Measurement**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

In general, the basis of allocating cost to inventory items is the weighted average method.

**1.23. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include trade and other receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and trade and other payables.

**1.23.1. Initial Recognition**

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**1.23.2. Subsequent Measurement**

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. , Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

**1.23.2.1. Trade and Other Receivables**

Trade and other receivables are classified as loans and receivables, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

**1.23.2.2. *Payables and Annuity Loans***

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

**1.23.2.3. *Cash and Cash Equivalents***

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

**1.23.3. *De-recognition***

**1.23.3.1. *Financial Assets***

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

**1.23.3.2. *Financial Liabilities***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

**1.23.4. *Offsetting***

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**1.24. REVENUE**

***1.24.1. Revenue from Non-Exchange Transactions***

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

**1.24.2. Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Trade and Other Payables in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.



**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.



**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**1.24.3. Grants, Transfers and Donations (Non-exchange Revenue)**

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

**1.25. RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2<sup>nd</sup> and 3<sup>rd</sup> bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity is the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

**1.26. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**1.27. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 200), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.28. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.29. CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

**1.30. PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury. The presentation of budget information is in line with the basis of accounting as per the GRAP Framework. GRAP 24: Presentation of Budget Information in Financial Statements is not yet effective. This standard brings new rules in respect of presentation of budget information.

**1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

***Post retirement medical obligations and Long service awards***

The cost of post retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

***Impairment of trade receivables***

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

***Property, plant and equipment***

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

***Intangible assets***

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

***Investment Property***

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

***Provisions and contingent liabilities***

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

***Revenue Recognition***

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

**1.32. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**NAMAKWA DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**1.33. AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>2. NET ASSET RESERVES</b>		
RESERVES	710 770	1 837 177
Capital Replacement Reserve	710 770	1 837 177
<b>Total Net Asset Reserve and Liabilities</b>	<b>710 770</b>	<b>1 837 177</b>
<b>2.1</b> The Capital Replacement Reserve is used to finance future capital expenditure from own funds.		
<b>3. LONG TERM LIABILITIES</b>		
Annuity Loans - At amortised cost	-	4 164 891
Capitalised Lease Liability - At amortised cost	178 186	213 587
	<b>178 186</b>	<b>4 378 478</b>
<b>Less:</b> Current Portion transferred to Current Liabilities	<b>(40 877)</b>	<b>(713 619)</b>
Annuity Loans - At amortised cost	-	(678 218)
Capitalised Lease Liability - At amortised cost	(40 877)	(35 401)
<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	<b>137 309</b>	<b>3 664 859</b>
<b>3.1</b> The obligations under finance leases are scheduled below		
	<b>Minimum lease payments</b>	
Amounts payable under finance leases:		
Payable within one year	64 020	64 020
Payable within two to five years	165 385	229 405
Payable after five years	-	-
	229 405	293 425
<b>Less:</b> Future finance obligations	<b>(51 219)</b>	<b>(79 838)</b>
<b>Present value of finance lease obligations</b>	<b>178 186</b>	<b>213 587</b>
Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.		
Finance Leases are secured by property, plant and equipment - Note 1c		
<b>4. NON-CURRENT EMPLOYEE BENEFITS</b>		
Provision for Post Retirement Health Care Benefits	14 659 220	13 452 991
Provision for Long Service Awards	633 001	1 023 062
<b>Total Non-current Employee Benefits</b>	<b>15 292 221</b>	<b>14 476 053</b>
<b><u>Post Retirement Health Care Benefits</u></b>		
Balance 1 July	14 527 891	14 348 468
Contribution for the year	1 461 268	1 474 082
Expenditure for the year	(1 074 900)	(948 708)
Actuarial Loss/(Gain)	919 317	(345 951)
<b>Total provision 30 June</b>	<b>15 833 576</b>	<b>14 527 891</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 5	<b>(1 174 356)</b>	<b>(1 074 900)</b>
<b>Balance 30 June</b>	<b>14 659 220</b>	<b>13 452 991</b>
<b><u>Long Service Awards</u></b>		
Balance 1 July	1 145 969	1 014 462
Contribution for the year	218 184	202 973
Expenditure for the year	(122 907)	(90 030)
Actuarial Loss/(Gain)	(454 542)	18 564
<b>Total provision 30 June</b>	<b>786 704</b>	<b>1 145 969</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 5	<b>(153 703)</b>	<b>(122 907)</b>
<b>Balance 30 June</b>	<b>633 001</b>	<b>1 023 062</b>

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>4.1 Provision for Post Retirement Health Care Benefits</b>		
The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	50	71
In-service (employee) non-members	18	48
Continuation members (e.g. Retirees, widows, orphans)	46	47
<b>Total Members</b>	<b>114</b>	<b>166</b>

The liability in respect of past service has been estimated to be as follows:

In-service members	1 850 410	2 556 005
In-service non-members		
Continuation members	13 983 166	11 971 886
<b>Total Liability</b>	<b>15 833 576</b>	<b>14 527 891</b>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas  
Hosmed  
LA Health  
Key Health, and  
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R187 577, whereas the Interest Cost for the next year is estimated to be R1 261 518.

Key actuarial assumptions used:	<b>2011 %</b>	<b>2010 %</b>
<b>i) Rate of interest</b>		
Discount rate	8.27	8.94
Health Care Cost Inflation Rate	7.21	6.52
Net Effective Discount Rate	0.99	2.27

**ii) Mortality rates**

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

**iii) Normal retirement age**

The normal retirement age for employees of the municipality is 60 years.

**The amounts recognised in the Statement of Financial Position are as follows:**

Present value of fund obligations	15 833 576	14 527 891
Fair value of plan assets	-	-
	<b>15 833 576</b>	<b>14 527 891</b>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
<b>Net liability/(asset)</b>	<b>15 833 576</b>	<b>14 527 891</b>

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	14 527 891	14 348 468
Total expenses	386 368	525 374
Current service cost	209 443	212 904
Interest Cost	1 251 825	1 261 178
Benefits Paid	(1 074 900)	(948 708)
Actuarial (gains)/losses	919 317	(345 951)
Present value of fund obligation at the end of the year	<u>15 833 576</u>	<u>14 527 891</u>

**Reconciliation of fair value of plan assets:**

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	<u>-</u>	<u>-</u>

**Sensitivity Analysis on the Accrued Liability**

<b>Assumption</b>	<b>In-service members liability (Rm)</b>	<b>Continuation members liability (Rm)</b>	<b>Total liability (Rm)</b>	<b>% change</b>
Central Assumptions	1.85	13.983	15.834	

The effect of movements in the assumptions are as follows:

<b>Assumption</b>	<b>Change</b>	<b>In-service members liability (Rm)</b>	<b>Continuation members liability (Rm)</b>	<b>Total liability (Rm)</b>	<b>% change</b>
Health care inflation	1%	2.237	15.239	15.834	10%
Health care inflation	-1%	1.545	12.882	17.476	-9%
Post-retirement mortality	-1 year	1.918	14.605	14.427	4%
Average retirement age	-1 year	1.986	13.983	16.523	1%
Withdrawal Rate	-50%	2.134	13.983	15.970	2%

**4.2 Provision for Long Service Bonuses**

The Long Service Bonus plans are defined benefit plans. As at year end, 68 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R116 282 whereas the Interest Cost for the next year is estimated to be R55 637.

	<b>2011 %</b>	<b>2010 %</b>
Key actuarial assumptions used:		
<b>i) Rate of interest</b>		
Discount rate	7.84	8.77
General Salary Inflation (long-term)	6.29	5.99
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.46	2.63



**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	786 705	1 145 969
Fair value of plan assets	-	-
	<hr/>	<hr/>
	786 705	1 145 969
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
	<hr/>	<hr/>
<b>Net liability/(asset)</b>	<b>786 705</b>	<b>1 145 969</b>
	<hr/>	<hr/>

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year	1 145 969	1 014 462
Total expenses	95 278	112 943
	<hr/>	<hr/>
Current service cost	123 476	116 629
Interest Cost	94 709	86 344
Benefits Paid	(122 907)	(90 030)
	<hr/>	<hr/>
Actuarial (gains)/losses	(454 542)	18 564
	<hr/>	<hr/>
Present value of fund obligation at the end of the year	<b>786 705</b>	<b>1 145 969</b>
	<hr/>	<hr/>

**Reconciliation of fair value of plan assets:**

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
	<hr/>	<hr/>
Fair value of plan assets at the end of the year	-	-
	<hr/>	<hr/>

**Sensitivity Analysis on the Unfunded Accrued Liability**

	<b>Change</b>	<b>Liability (Rm)</b>	<b>% change</b>
<b>Assumption</b>			
Central assumptions		0.787	
General salary inflation	1%	0.832	6%
General salary inflation	-1%	0.746	-5%
Average retirement age	-2 yrs	0.719	-9%
Average retirement age	2 yrs	0.859	9%
Withdrawal rates	-50%	0.964	23%

**4.3 Retirement funds**

**CAPE JOINT PENSION FUND**

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2009 - 100%).

**CAPE JOINT RETIREMENT FUND**

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2009 revealed that the fund is in a sound financial position with a funding level of 103,3% (30 June 2008 - 105.3%).

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

**DEFINED CONTRIBUTION FUNDS**

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

**5. CURRENT EMPLOYEE BENEFITS**

Staff Bonuses	335 870	655 078
Staff Leave	866 005	1 497 143
Current Portion of Non-Current Provisions	1 328 059	1 197 807
Current Portion of Post Retirement Benefits - Note 4	1 174 356	1 074 900
Current Portion of Long-Service Provisions - Note 4	153 703	122 907
<b>Total Provisions</b>	<b>2 529 934</b>	<b>3 350 028</b>

The movement in current provisions are reconciled as follows:

**5.1 Staff Bonuses**

Balance at beginning of year	655 078	605 569
Contribution to current portion	883 061	1 018 913
Expenditure incurred	(1 202 268)	(969 404)
Balance at end of year	<b>335 870</b>	<b>655 078</b>

Bonuses are being paid to all municipal staff. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

**5.2 Staff Leave**

Balance at beginning of year	1 497 143	1 417 749
Contribution to current portion	(248 489)	166 909
Expenditure incurred	(382 649)	(87 515)
Balance at end of year	<b>866 004</b>	<b>1 497 143</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

For more information regarding the provisions for Post Retirement Benefits and Long-term Service Awards - Refer to Note 4 to the Financial Statements.

**6. PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade Payables	159 902	2 783 154
Payments received in advance	64 144	25 365
Other Creditors	3 878 747	12 650 229
<b>Total Trade Payables</b>	<b>4 102 793</b>	<b>15 458 747</b>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>7. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>		
Unspent Grants	11 579 640	13 399 697
National Government Grants	6 658 034	8 056 203
Provincial Government Grants	4 038 946	4 319 864
Other Sources	882 660	1 023 630
<b>Less:</b> Unpaid Grants	(1 105 408)	-
National Government Grants	-	-
Provincial Government Grants	(1 105 408)	-
Other Sources	-	-
<b>Total Conditional Grants and Receipts</b>	<b>10 474 232</b>	<b>13 399 697</b>

See appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld

**8. TAXES**

<b>8.1</b> VAT Receivable	840 946	605 290
Correction of Error - Note 35.1	-	(20 377)
<b>Total Taxes</b>	<b>840 946</b>	<b>584 913</b>

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

**9. SHORT-TERM LOANS**

The Municipality has no short term loans.

NAMAKWA DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
10. PROPERTY, PLANT AND EQUIPMENT		
<a href="#">See attached sheet</a>		
page 1		

[page 2](#)

[page 3](#)

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>10.3 Assets pledged as security:</b>		
Leased Property, Plant and Equipment of R162 611 is secured for leases as set out in Note 3.		
<b>10.4 Impairment of property, plant and equipment</b>		
Impairment charges on property, plant and equipment recognised in statement of financial performance are as follows:		
Land and Buildings	-	-
Infrastructure	6 407 054	-
Community Assets	-	-
Lease Assets	-	-
Heritage	118 417	-
Other	-	34 090
	<u>6 525 471</u>	<u>34 090</u>
<b>11. INVESTMENT PROPERTY</b>		
<b>Net Carrying amount at 1 July</b>	<b>421 403</b>	<b>449 497</b>
Cost	1 404 678	1 404 678
Correction of Error - Note 35.2	-	449 497
Accumulated Depreciation	(983 275)	(1 404 678)
Depreciation for the year	(28 094)	(28 094)
<b>Net Carrying amount at 30 June</b>	<b>393 309</b>	<b>421 403</b>
Cost	1 404 678	1 404 678
Accumulated Depreciation	(1 011 369)	(983 275)
Estimate Fair Value of Investment Property at 30 June	<u>1 404 678</u>	<u>1 404 678</u>
<b>12. INTANGIBLE ASSETS</b>		
<b>Net Carrying amount at 1 July</b>	<b>1 406 119</b>	<b>1 669 810</b>
Cost	2 251 980	2 182 358
Correction of Error - Note 35.3	-	285 195
Accumulated Amortisation	(845 861)	(797 743)
Acquisitions	200 495	69 622
Amortisation	(189 606)	(333 313)
Impairment Loss/ Reversal of Impairment Loss	-	-
<b>Net Carrying amount at 30 June</b>	<b>1 417 008</b>	<b>1 406 119</b>
Cost	2 452 475	2 251 980
Accumulated Amortisation	(1 035 467)	(845 861)
<b>13. INVESTMENTS</b>		
<b>Unlisted</b>		
Unlisted Stock: Nuweveld Co-op held for trading	1 146	1 146
<b>Total Investments</b>	<u><b>1 146</b></u>	<u><b>1 146</b></u>
Investments are made in terms of the municipality's Cash Management and Investment Policy, as required by means of Regulation R 308 of 1 April 2005 gazetted in the Government Gazette No 27431 of 1 April 2005 and issued by the Minister of Finance.		
<b>14. INVENTORY</b>		
Consumable Stores - Stationery and materials - At cost	661 146	482 367
<b>Total Inventory</b>	<u><b>661 146</b></u>	<u><b>482 367</b></u>
Consumable stores materials written down due to losses as identified during the annual stores counts.	<u>-</u>	<u><b>18</b></u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<b>15. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Taxes - Rates	307 969	205 439
Other Receivables	3 716 419	3 215 322
Other	3 716 419	3 215 322
	4 024 388	3 420 761
<b>Less:</b> Provision for bad debts	(2 874 371)	(2 692 735)
<b>Total Receivables from non-exchange transactions</b>	<b>1 150 016</b>	<b>728 026</b>

The fair value of other receivables approximate their carrying value.

**(Rates): Ageing**

Current (0 - 30 days)	22 278	30 095
31 - 60 Days	18 852	25 437
61 - 90 Days	16 926	22 855
+ 90 Days	249 913	127 052
<b>Total</b>	<b>307 969</b>	<b>205 439</b>

**Reconciliation of Provision for Bad Debts**

Balance at beginning of year	2 692 735	2 922 010
Contribution to provision	181 636	-
Bad Debts written off against provision	-	(184 851)
Reversal of provision	-	(44 424)
Balance at end of year	<b>2 874 371</b>	<b>2 692 735</b>

The total amount of this provision is R2 874 371 and consist of

Taxes	-	-
Other	2 874 371	2 692 735
<b>Total Provision for Bad Debts on Trade Receivables from non-exchange transactions</b>	<b>2 874 371</b>	<b>2 692 735</b>

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

**16. OPERATING LEASE ARRANGEMENTS**

**16.1 The Municipality as Lessor**

Straight-line of Operating Leases	41 997	28 089
-----------------------------------	--------	--------

**Reconciliation**

Balance at the beginning of the year	28 089	10 023
Movement during the year	13 908	18 066
Balance at the end of the year	<b>41 997</b>	<b>28 089</b>

At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

Up to 1 Year	54 305	59 645
1 to 5 Years	241 488	538 583
More than 5 Years	197 540	178 938
<b>Total Operating Lease Arrangements</b>	<b>493 333</b>	<b>777 166</b>

This operating lease expenditure determined from contracts that have a specific condition expenditure and does not include leases which has a undetermined conditional expenditure.

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>17. BANK ACCOUNTS</b>		
<b>17.1 Cash and Cash Equivalents</b>		
Current Accounts	145 912	4 798 801
Call Investments Deposits	63 102 116	71 985 747
Cash Floats	755	755
<b>Total Cash and Cash Equivalents - Assets</b>	<b>63 248 782</b>	<b>76 785 303</b>

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R17 969 766 are held to fund the Unspent Conditional Grants (2010: R16 615 904).

The municipality has the following bank accounts:

**Current Accounts**

ABSA Bank Limited - Account Number 2210000014 (Primary Bank Account):	145 912	4 798 801
	<b>145 912</b>	<b>4 798 801</b>

**Call Investment Deposits**

ABSA Bank Limited - Account Number 2218151720 (Capital Replacement Reserve):	1 288 162	2 000
BOE Bank - Account Number NAMAK001/83 (Call Deposit):	35 135 572	32 986 887
ABSA Bank Limited - Account Number 90 6918 2890 (Call Deposit):	648 963	19 648 963
ABSA Bank Limited - Account Number 20 6629 1015 (Call Deposit):	6 645 993	1 374 340
ABSA Bank Limited - Account Number 20 7051 8265 (Call Deposit):	281 574	-
ABSA Bank Limited - Account Number 90 7473 1242 (Leave Reserve):	1 130 282	1 355 850
ABSA Bank Limited - Account Number 91 1091 2063 (Finance Management Grant):	79 132	125 741
Nuweveld Coop (Members Interest Fund):	1 804	1 804
ABSA Bank Limited - Account Number 22 1815 8326 (Contingency Fund):	869 434	917 927
ABSA Bank Limited - Account Number 91 0726 5605 (Municipal System Improvement Grant):	22 742	184 599
ABSA Bank Limited - Account Number 91 9251 2118 (Swartzkop Sportgrounds):	207 475	207 475
ABSA Bank Limited - Account Number 91 9251 2477 (Spoegrivier Sportgrounds):	5 290	5 290
ABSA Bank Limited - Account Number 91 0726 6025 (Richtersveld Special Fund):	3 013	92 263
ABSA Bank Limited - Account Number 91 4340 6867 (EPWP):	341 240	135 792
ABSA Bank Limited - Account Number 91 0726 7005 (IDP):	392 556	420 906
ABSA Bank Limited - Account Number 91 0726 7128 (Fencing):	42 555	42 555
ABSA Bank Limited - Account Number 91 0726 7209 (Kamiesberg Special Fund):	80 757	146 055
ABSA Bank Limited - Account Number 91 0726 7306 (Border Fencing):	54 239	54 239
ABSA Bank Limited - Account Number 91 0726 7372 (SA Projects):	205 909	205 909
ABSA Bank Limited - Account Number 90 7473 1365 (Maintenance Fund):	22 233	22 233
ABSA Bank Limited - Account Number 91 0726 7770 (Sakrivier Bridge):	512 623	512 623
ABSA Bank Limited - Account Number 91 0726 5485 (Komaggas Tar Road):	4 371	4 371
ABSA Bank Limited - Account Number 91 0809 6615 (Namakwa Sanitation Bucket System):	213 395	213 395
ABSA Bank Limited - Account Number 91 8438 7915 (Fire Equipment Grant):	548 954	307 515
ABSA Bank Limited - Account Number 91 0809 6924 (PIMMS):	1 081 811	1 439 759
ABSA Bank Limited - Account Number 91 0991 1123 (Department of Transport):	4 376 205	4 336 122
ABSA Bank Limited - Account Number 91 1641 4273 (Drought Relief):	73 874	357 262
ABSA Bank Limited - Account Number 91 1931 2230 (Electronic Filing System):	15 227	15 227
ABSA Bank Limited - Account Number 91 2120 8647 (Training Fund SETA):	619 351	537 418
ABSA Bank Limited - Account Number 91 2287 0758 (MIG):	7 679 608	6 306 104
ABSA Bank Limited - Account Number 91 2356 3504 (Work for Water):	517 772	12 228
ABSA Bank Limited - Account Number 91 3889 8455 (Brandvlei Electricity Network):	-	12 896
	<b>63 102 116</b>	<b>71 985 747</b>

Details of bank accounts are as follow:

***ABSA Bank Limited - Account Number 2210000014 (Primary Bank Account):***

Cash book balance at beginning of year	4 798 801	7 013 050
Cash book balance at end of year	145 912	4 798 801

Bank statement balance at beginning of year	5 308 833	7 107 332
Bank statement balance at end of year	3 378 654	5 308 833



**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>ABSA Bank Limited - Account Number 2218151720 (Capital Replacement Reserve):</b>		
Cash book balance at beginning of year	2 000	1 836 325
Cash book balance at end of year	1 288 162	2 000
Bank statement balance at beginning of year	2 000	1 836 325
Bank statement balance at end of year	1 288 580	2 000
<b>BOE Bank - Account Number NAMA001/83 (Call Deposit):</b>		
Cash book balance at beginning of year	32 986 887	30 582 618
Cash book balance at end of year	35 135 572	32 986 887
Bank statement balance at beginning of year	32 986 887	30 582 618
Bank statement balance at end of year	35 135 572	32 986 887
<b>ABSA Bank Limited - Account Number 90 6918 2890 (Call Deposit):</b>		
Cash book balance at beginning of year	19 648 963	4 648 963
Cash book balance at end of year	648 963	19 648 963
Bank statement balance at beginning of year	19 648 963	4 648 963
Bank statement balance at end of year	650 617	19 648 963
<b>ABSA Bank Limited - Account Number 20 6629 1015 (Call Deposit):</b>		
Cash book balance at beginning of year	1 374 340	1 288 705
Cash book balance at end of year	6 645 993	1 374 340
Bank statement balance at beginning of year	1 374 340	1 288 705
Bank statement balance at end of year	3 645 993	1 374 340
<b>ABSA Bank Limited - Account Number 20 7051 8265 (Call Deposit):</b>		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	281 574	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	281 574	-
<b>ABSA Bank Limited - Account Number 90 7473 1242 (Leave Reserve):</b>		
Cash book balance at beginning of year	1 355 850	600 368
Cash book balance at end of year	1 130 282	1 355 850
Bank statement balance at beginning of year	1 355 850	600 368
Bank statement balance at end of year	1 133 167	1 355 850
<b>ABSA Bank Limited - Account Number 91 1091 2063 (Finance Management Grant):</b>		
Cash book balance at beginning of year	125 741	568 764
Cash book balance at end of year	79 132	125 741
Bank statement balance at beginning of year	125 741	568 764
Bank statement balance at end of year	79 348	125 741
<b>ABSA Bank Limited - Account Number 16 2814 9972 (Middelpos Account):</b>		
Cash book balance at beginning of year	-	21 240
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	21 240
Bank statement balance at end of year	-	-
<b>Nuweveld Coop (Members Interest Fund):</b>		
Cash book balance at beginning of year	1 804	1 804
Cash book balance at end of year	1 804	1 804
Bank statement balance at beginning of year	1 804	1 804
Bank statement balance at end of year	1 804	1 804

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>ABSA Bank Limited - Account Number 22 1815 8326 (Contingency Fund):</b>		
Cash book balance at beginning of year	917 927	938 463
Cash book balance at end of year	<u>869 434</u>	<u>917 927</u>
Bank statement balance at beginning of year	917 927	938 463
Bank statement balance at end of year	<u>869 692</u>	<u>917 927</u>
<b>ABSA Bank Limited - Account Number 91 0726 5605 (Municipal System Improvement Grant):</b>		
Cash book balance at beginning of year	184 599	1 546 595
Cash book balance at end of year	<u>22 742</u>	<u>184 599</u>
Bank statement balance at beginning of year	184 599	1 546 595
Bank statement balance at end of year	<u>19 897</u>	<u>184 599</u>
<b>ABSA Bank Limited - Account Number 92 1213 8319 (Sport Development Grant):</b>		
Cash book balance at beginning of year	-	17 700
Cash book balance at end of year	<u>-</u>	<u>-</u>
Bank statement balance at beginning of year	-	17 700
Bank statement balance at end of year	<u>-</u>	<u>-</u>
<b>ABSA Bank Limited - Account Number 91 0726 5752 (Nieuwoudtville Access Road):</b>		
Cash book balance at beginning of year	-	126 312
Cash book balance at end of year	<u>-</u>	<u>-</u>
Bank statement balance at beginning of year	-	126 312
Bank statement balance at end of year	<u>-</u>	<u>-</u>
<b>ABSA Bank Limited - Account Number 91 9251 2118 (Swartzkop Sportgrounds):</b>		
Cash book balance at beginning of year	207 475	207 475
Cash book balance at end of year	<u>207 475</u>	<u>207 475</u>
Bank statement balance at beginning of year	207 475	207 475
Bank statement balance at end of year	<u>208 004</u>	<u>207 475</u>
<b>ABSA Bank Limited - Account Number 91 9251 2477 (Spoegrivier Sportgrounds):</b>		
Cash book balance at beginning of year	5 290	5 290
Cash book balance at end of year	<u>5 290</u>	<u>5 290</u>
Bank statement balance at beginning of year	5 290	5 290
Bank statement balance at end of year	<u>5 303</u>	<u>5 290</u>
<b>ABSA Bank Limited - Account Number 91 0726 6025 (Richtersveld Special Fund):</b>		
Cash book balance at beginning of year	92 263	40 713
Cash book balance at end of year	<u>3 013</u>	<u>92 263</u>
Bank statement balance at beginning of year	92 263	40 713
Bank statement balance at end of year	<u>3 029</u>	<u>92 263</u>
<b>ABSA Bank Limited - Account Number 91 4340 6867 (EPWP):</b>		
Cash book balance at beginning of year	135 792	135 792
Cash book balance at end of year	<u>341 240</u>	<u>135 792</u>
Bank statement balance at beginning of year	135 792	135 792
Bank statement balance at end of year	<u>342 113</u>	<u>135 792</u>
<b>ABSA Bank Limited - Account Number 91 0726 7005 (IDP):</b>		
Cash book balance at beginning of year	420 906	256 167
Cash book balance at end of year	<u>392 556</u>	<u>420 906</u>
Bank statement balance at beginning of year	420 906	256 167
Bank statement balance at end of year	<u>393 577</u>	<u>420 906</u>

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b><i>ABSA Bank Limited - Account Number 91 0726 7128 (Fencing):</i></b>		
Cash book balance at beginning of year	42 555	42 555
Cash book balance at end of year	<u>42 555</u>	<u>42 555</u>
Bank statement balance at beginning of year	42 555	42 555
Bank statement balance at end of year	<u>42 664</u>	<u>42 555</u>
<b><i>ABSA Bank Limited - Account Number 91 0726 7209 (Kamiesberg Special Fund):</i></b>		
Cash book balance at beginning of year	146 055	126 794
Cash book balance at end of year	<u>80 757</u>	<u>146 055</u>
Bank statement balance at beginning of year	146 055	126 794
Bank statement balance at end of year	<u>81 013</u>	<u>146 055</u>
<b><i>ABSA Bank Limited - Account Number 91 0726 7306 (Border Fencing):</i></b>		
Cash book balance at beginning of year	54 239	54 239
Cash book balance at end of year	<u>54 239</u>	<u>54 239</u>
Bank statement balance at beginning of year	54 239	54 239
Bank statement balance at end of year	<u>54 378</u>	<u>54 239</u>
<b><i>ABSA Bank Limited - Account Number 91 0726 7372 (SA Projects):</i></b>		
Cash book balance at beginning of year	205 909	206 423
Cash book balance at end of year	<u>205 909</u>	<u>205 909</u>
Bank statement balance at beginning of year	205 909	206 423
Bank statement balance at end of year	<u>206 434</u>	<u>205 909</u>
<b><i>ABSA Bank Limited - Account Number 90 7473 1365 (Maintenance Fund):</i></b>		
Cash book balance at beginning of year	22 233	22 233
Cash book balance at end of year	<u>22 233</u>	<u>22 233</u>
Bank statement balance at beginning of year	22 233	22 233
Bank statement balance at end of year	<u>22 290</u>	<u>22 233</u>
<b><i>ABSA Bank Limited - Account Number 91 0726 7770 (Sakrivier Bridge):</i></b>		
Cash book balance at beginning of year	512 623	730 347
Cash book balance at end of year	<u>512 623</u>	<u>512 623</u>
Bank statement balance at beginning of year	512 623	730 347
Bank statement balance at end of year	<u>513 931</u>	<u>512 623</u>
<b><i>ABSA Bank Limited - Account Number 91 0726 5485 (Komaggas Tar Road):</i></b>		
Cash book balance at beginning of year	4 371	4 371
Cash book balance at end of year	<u>4 371</u>	<u>4 371</u>
Bank statement balance at beginning of year	4 371	4 371
Bank statement balance at end of year	<u>4 382</u>	<u>4 371</u>
<b><i>ABSA Bank Limited - Account Number 91 0809 6615 (Namakwa Sanitation Bucket System):</i></b>		
Cash book balance at beginning of year	213 395	239 583
Cash book balance at end of year	<u>213 395</u>	<u>213 395</u>
Bank statement balance at beginning of year	213 395	239 583
Bank statement balance at end of year	<u>213 940</u>	<u>213 395</u>
<b><i>ABSA Bank Limited - Account Number 91 8438 7915 (Fire Equipment Grant):</i></b>		
Cash book balance at beginning of year	307 515	345 975
Cash book balance at end of year	<u>548 954</u>	<u>307 515</u>
Bank statement balance at beginning of year	307 515	345 975
Bank statement balance at end of year	<u>550 360</u>	<u>307 515</u>

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b><i>ABSA Bank Limited - Account Number 91 0809 6924 (PIMMS):</i></b>		
Cash book balance at beginning of year	1 439 759	573 824
Cash book balance at end of year	<u>1 081 811</u>	<u>1 439 759</u>
Bank statement balance at beginning of year	1 439 759	573 824
Bank statement balance at end of year	<u>1 087 962</u>	<u>1 439 759</u>
<b><i>ABSA Bank Limited - Account Number 91 0991 1123 (Department of Transport):</i></b>		
Cash book balance at beginning of year	4 336 122	6 725 248
Cash book balance at end of year	<u>4 376 205</u>	<u>4 336 122</u>
Bank statement balance at beginning of year	4 336 122	6 725 248
Bank statement balance at end of year	<u>4 386 398</u>	<u>4 336 122</u>
<b><i>ABSA Bank Limited - Account Number 91 1641 4273 (Drought Relief):</i></b>		
Cash book balance at beginning of year	357 262	749 032
Cash book balance at end of year	<u>73 874</u>	<u>357 262</u>
Bank statement balance at beginning of year	357 262	749 032
Bank statement balance at end of year	<u>74 063</u>	<u>357 262</u>
<b><i>ABSA Bank Limited - Account Number 91 1931 2230 (Electronic Filing System):</i></b>		
Cash book balance at beginning of year	15 227	15 227
Cash book balance at end of year	<u>15 227</u>	<u>15 227</u>
Bank statement balance at beginning of year	15 227	15 227
Bank statement balance at end of year	<u>15 266</u>	<u>15 227</u>
<b><i>ABSA Bank Limited - Account Number 91 2120 8647 (Training Fund SETA):</i></b>		
Cash book balance at beginning of year	537 418	447 808
Cash book balance at end of year	<u>619 351</u>	<u>537 418</u>
Bank statement balance at beginning of year	537 418	447 808
Bank statement balance at end of year	<u>620 932</u>	<u>537 418</u>
<b><i>ABSA Bank Limited - Account Number 91 2287 0758 (MIG):</i></b>		
Cash book balance at beginning of year	6 306 104	1 691 020
Cash book balance at end of year	<u>7 679 608</u>	<u>6 306 104</u>
Bank statement balance at beginning of year	6 306 104	1 691 020
Bank statement balance at end of year	<u>7 699 209</u>	<u>6 306 104</u>
<b><i>ABSA Bank Limited - Account Number 91 2356 3504 (Work for Water):</i></b>		
Cash book balance at beginning of year	12 228	72 915
Cash book balance at end of year	<u>517 772</u>	<u>12 228</u>
Bank statement balance at beginning of year	12 228	72 915
Bank statement balance at end of year	<u>518 981</u>	<u>12 228</u>
<b><i>ABSA Bank Limited - Account Number 91 3889 8455 (Brandvlei Electricity Network):</i></b>		
Cash book balance at beginning of year	12 896	12 896
Cash book balance at end of year	<u>-</u>	<u>12 896</u>
Bank statement balance at beginning of year	12 896	12 896
Bank statement balance at end of year	<u>-</u>	<u>12 896</u>

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>18. GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b><u>Unconditional</u></b>		
Equitable Share	5 704 000	2 846 812
<b><u>Conditional</u></b>	50 125 709	50 047 055
Grants and Donations	50 125 709	47 786 867
Subsidies	-	2 260 188
<b>Total Government Grants and Subsidies</b>	<b>55 829 709</b>	<b>52 893 867</b>
 Government Grants and Subsidies - Operating	55 829 709	53 424 432
Government Grants and Subsidies - Capital	-	-
<b>Total Government Grants and Subsidies</b>	<b>55 829 709</b>	<b>53 424 432</b>
 <b>18.1 <u>Equitable Share</u></b>		
Opening balance	-	-
Grants received	5 704 000	2 846 812
Conditions met - Operating	(5 704 000)	(2 846 812)
Conditions met - Capital	-	-
Conditions still to be met	-	-
<p>The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.</p>		
 <b>18.2 <u>Local Government Financial Management Grant (FMG)</u></b>		
Opening balance	125 741	488 076
Grants received	1 000 000	750 000
Conditions met - Operating	(1 122 607)	(1 112 335)
Conditions met - Capital	-	-
Conditions still to be met	3 134	125 741
<p>The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).</p>		
 <b>18.3 <u>Municipal Systems Improvement Grant (MSIG)</u></b>		
Opening balance	184 599	1 529 249
Grants received	150 000	(1 256 433)
Conditions met - Operating	(332 482)	(88 217)
Conditions met - Capital	-	-
Conditions still to be met	2 117	184 599
<p>The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.</p>		
 <b>18.4 <u>Municipal Infrastructure Grant (MIG)</u></b>		
Opening balance	6 306 104	1 655 104
Grants received	5 242 000	4 651 000
Conditions met - Operating	(5 919 041)	-
Conditions met - Capital	-	-
Conditions still to be met	5 629 063	6 306 104
<p>The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.</p>		

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>18.5 <u>RSC Levies Replacement Grant</u></b>		
Opening balance	-	-
Grants received	22 808 508	22 142 000
Conditions met - Operating	(22 808 508)	(22 142 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

This is an unconditional grant established to make provision for income for the District Municipalities after the RSC levies were terminated

<b>18.6 <u>Concillors Remuneration Grant</u></b>		
Opening balance	-	-
Grants received	778 000	694 000
Conditions met - Operating	(778 000)	(694 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

This is an unconditional grant to co-funding the councillors remuneration

<b>18.7 <u>Planning and Implementation Management System</u></b>		
Opening balance	1 439 759	576 334
Grants received	688 701	1 900 759
Conditions met - Operating	(1 104 739)	(1 037 334)
Conditions met - Capital	-	-
Conditions still to be met	1 023 721	1 439 759

This is a planning reserve and is utilised for planning purposes

<b>18.8 <u>Border Fencing</u></b>		
Opening balance	54 239	54 239
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	54 239	54 239

This grant was established to make provision for fencing next to public roads.

<b>18.9 <u>Health Inspector Subsidy</u></b>		
Opening balance	-	-
Grants received	-	1 385 188
Conditions met - Operating	-	(1 385 188)
Conditions met - Capital	-	-
Conditions still to be met	-	-

This unconditional grant is part of the equitable share and services to subsidise municipal health care.

<b>18.10 <u>Civil Defence Subsidy</u></b>		
Opening balance	-	-
Grants received	-	875 000
Conditions met - Operating	-	(875 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

This conditional grant is to establish a disaster management centre.

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>18.11 <u>Department of Transport</u></b>		
Opening balance	632 143	6 739 732
Grants received	14 445 102	15 175 000
Conditions met - Operating	(16 182 652)	(21 282 590)
Conditions met - Capital	-	-
Conditions still to be met	<u>(1 105 408)</u>	<u>632 143</u>

This is the allocation by the Department of Transport in the Northern Cape to maintain the roads function on behalf of the Department of Transport.

<b>18.12 <u>Drought Relief</u></b>		
Opening balance	357 262	743 951
Grants received	-	-
Conditions met - Operating	(283 388)	(386 689)
Conditions met - Capital	-	-
Conditions still to be met	<u>73 874</u>	<u>357 262</u>

This grant is to assist communities in drought relief.

<b>18.13 <u>Expanded Public Works Program</u></b>		
Opening balance	135 792	135 792
Grants received	206 000	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>341 792</u>	<u>135 792</u>

This grant service to establish work in local communities.

<b>18.14 <u>Fire Equipment Grant</u></b>		
Opening balance	307 515	316 568
Grants received	350 000	320 000
Conditions met - Operating	(115 181)	(329 053)
Conditions met - Capital	-	-
Conditions still to be met	<u>542 334</u>	<u>307 515</u>

This grant is to assist local municipalities to render a fire service.

<b>18.15 <u>Integrated Development Planning</u></b>		
Opening balance	420 906	253 633
Grants received	-	205 674
Conditions met - Operating	(28 350)	(38 401)
Conditions met - Capital	-	-
Conditions still to be met	<u>392 556</u>	<u>420 906</u>

This reserve assist the municipality to compile and maintain the Integrated Development Plan.

<b>18.16 <u>Komaggas Road</u></b>		
Opening balance	4 371	4 371
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>4 371</u>	<u>4 371</u>

This grant was used to build the Kommagas road.

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>18.17 <u>SA Projects</u></b>		
Opening balance	205 909	205 909
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>205 909</u>	<u>205 909</u>

This grant is to create work programmes in local communities.

**18.18 Namaqua Sanitation Bucket System**

Opening balance	213 395	239 583
Grants received	-	-
Conditions met - Operating	-	(26 188)
Conditions met - Capital	-	-
Conditions still to be met	<u>213 395</u>	<u>213 395</u>

This grant was used to replace the old bucket systems to VIP and waterborne toilet systems.

**18.19 NC Housing**

Opening balance	500 000	500 000
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>500 000</u>	<u>500 000</u>

This grant is to establish a housing unit at the District level.

**18.20 Middelpos**

Opening balance	-	21 240
Grants received	-	-
Conditions met - Operating	-	(21 240)
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>-</u>

This grant was used to do a research on the establishment of a town in Middelpos.

**18.21 Nieuwoudtville Access Road**

Opening balance	-	126 312
Grants received	900 000	-
Conditions met - Operating	(551 523)	(126 312)
Conditions met - Capital	-	-
Conditions still to be met	<u>348 477</u>	<u>-</u>

An access road was build in Nieuwoudtville.

**18.22 Sakrivier Bridge**

Opening balance	512 623	730 347
Grants received	-	-
Conditions met - Operating	-	(217 724)
Conditions met - Capital	-	-
Conditions still to be met	<u>512 623</u>	<u>512 623</u>

This grant was used to rebuild the sakriver bridge after flooding .



**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>18.23 <u>Contingency Fund</u></b>		
Opening balance	917 927	938 463
Grants received	-	-
Conditions met - Operating	(126 333)	(20 536)
Conditions met - Capital	-	-
Conditions still to be met	<u>791 594</u>	<u>917 927</u>

This grant originated from the fuel levy and is used for projects determined by council.

<b>18.24 <u>Fencing</u></b>		
Opening balance	42 555	42 555
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>42 555</u>	<u>42 555</u>

This grant was established to make provision for fencing next to public roads.

<b>18.25 <u>Electronic Filing System</u></b>		
Opening balance	15 227	15 227
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>15 227</u>	<u>15 227</u>

The grant was used to implement an electronic filing system

<b>18.26 <u>Sport Development Grant</u></b>		
Opening balance	-	17 700
Grants received	-	-
Conditions met - Operating	-	(17 700)
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>-</u>

This grant was to assist communities to establish sport development

<b>18.27 <u>Brandvlei Electricity Network</u></b>		
Opening balance	12 896	12 896
Grants received	-	-
Conditions met - Operating	(12 896)	-
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>12 896</u>

This grant was used to upgrade the electricity network in Brandvlei.

<b>18.28 <u>Maintenance Fund</u></b>		
Opening balance	22 233	22 233
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>22 233</u>	<u>22 233</u>

This grant was established to assist in the maintaining of assets.

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>18.29 <u>Spoegrivier Sport Ground (Lotto)</u></b>		
Opening balance	5 290	5 290
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>5 290</u>	<u>5 290</u>
This grant was received to build a sports ground in Spoegrivier.		
<b>18.30 <u>Swartzkop Sport Ground (Lotto)</u></b>		
Opening balance	207 475	207 475
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>207 475</u>	<u>207 475</u>
This grant was received to build a sports ground in Swatzkop.		
<b>18.31 <u>Training Reserve (SETA)</u></b>		
Opening balance	537 418	447 808
Grants received	81 934	89 610
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>619 351</u>	<u>537 418</u>
This is the amount claimed back from SETA for training and is utilised for training.		
<b>18.32 <u>Kamiesberg Special Fund</u></b>		
Opening balance	146 055	112 720
Grants received	497 000	630 000
Conditions met - Operating	(617 758)	(596 664)
Conditions met - Capital	-	-
Conditions still to be met	<u>25 297</u>	<u>146 055</u>
This grand is used to purify the water in the local settlements.		
<b>18.33 <u>Richtersveld Special Fund</u></b>		
Opening balance	92 263	40 713
Grants received	53 000	232 000
Conditions met - Operating	(142 250)	(180 450)
Conditions met - Capital	-	-
Conditions still to be met	<u>3 013</u>	<u>92 263</u>
This grand is used to purify the water in the local settlements.		
<b>18.34 <u>Total Grants</u></b>		
Opening balance	13 399 697	16 183 520
Grants received	52 904 244	50 640 610
Conditions met - Operating	(55 829 709)	(53 424 432)
Conditions met - Capital	-	-
Conditions still to be met/(Grant expenditure to be recovered)	<u>10 474 232</u>	<u>13 399 697</u>
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	11 579 640	13 399 697
Unpaid Conditional Government Grants and Receipts	(1 105 408)	-
<b>Total</b>	<u><b>10 474 232</b></u>	<u><b>13 399 697</b></u>

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>19. OTHER REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		
Sundries	-	10 479
<b>Total Other Revenue from Non-Exchange Transactions</b>	<b>-</b>	<b>10 479</b>
<b>20. RENTAL OF FACILITIES AND EQUIPMENT</b>		
Rental of facilities	950 221	592 074
<b>Total Rental of Facilities and Equipment</b>	<b>950 221</b>	<b>592 074</b>
<b>21. INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Bank	-	2 125
Financial assets	3 407 420	3 680 530
<b>Total Interest Earned - External Investments</b>	<b>3 407 420</b>	<b>3 682 655</b>
<b>22. INTEREST EARNED - OUTSTANDING RECEIVABLES</b>		
Other Receivables	202 005	-
<b>Total Interest Earned - Outstanding Receivables</b>	<b>202 005</b>	<b>-</b>
<b>23. OTHER INCOME</b>		
Admin Fees	589 101	298 598
Bad Debt Recovered	550	3 414
Sundries	209 864	328 515
Insurance Claims	60 133	12 794
<b>Total Other Income</b>	<b>859 647</b>	<b>643 320</b>
<b>24. EMPLOYEE RELATED COSTS</b>		
Employee Related Costs - Salaries and Wages	14 714 512	14 202 247
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	3 537 108	3 624 901
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	951 436	1 111 892
Housing Benefits and Allowances	464 115	578 983
Overtime Payments	273 592	336 033
Bonuses	634 571	1 185 822
Provision for leave	248 489	166 909
Contribution to provision - Long Service Awards - Note 4	123 475	123 475
Contribution to provision - Post Retirement Medical - Note 4	209 443	209 443
	21 156 741	21 539 706
<b>Less:</b> Employee Costs allocated elsewhere	-	-
<b>Total Employee Related Costs</b>	<b>21 156 741</b>	<b>21 539 706</b>
<b>KEY MANAGEMENT PERSONNEL</b>		
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
<i>Remuneration of the Municipal Manager (Former)</i>		
Annual Remuneration	-	242 221
Travelling Allowance	-	146 581
Severage Package	-	450 000
Service Bonus	-	-
Contributions to UIF, Medical and Pension Funds	-	32 498
<b>Total</b>	<b>-</b>	<b>871 300</b>

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b><i>Remuneration of the Director : Finance (Current)</i></b>		
Annual Remuneration	39 767	-
Car, Medical, House and Cellphone Allowance	18 625	-
Contributions to UIF, Medical and Pension Funds	860	-
<b>Total</b>	<b>59 252</b>	<b>-</b>
<b><i>Remuneration of Director : Finance (Former)</i></b>		
Annual Remuneration	77 014	425 964
Car, Medical, House and Cellphone Allowance	32 233	207 837
Leave payout	220 840	-
Telephone allowance	2 600	-
Service Bonus	28 880	51 372
Contributions to UIF, Medical and Pension Funds	15 543	83 560
<b>Total</b>	<b>377 110</b>	<b>768 733</b>
<b><i>Remuneration of Internal Auditor (Currently Director: Finance)</i></b>		
Annual Remuneration	301 950	303 624
Car, Medical, House and Cellphone Allowance	216 756	148 846
Service Bonus	27 450	24 742
Contributions - UIF, Medical, Pension	96 704	93 685
<b>Total</b>	<b>642 860</b>	<b>570 897</b>
<b><i>Remuneration of Head of Human Resources</i></b>		
Annual Remuneration	308 918	277 440
Car, Medical, House and Cellphone Allowance	192 329	108 126
Telephone allowance	6 000	-
Service Bonus	25 435	22 608
Contributions - UIF, Medical, Pension	59 269	54 962
<b>Total</b>	<b>591 951</b>	<b>463 136</b>
<b><i>Remuneration of Head of Environmental Health</i></b>		
Annual Remuneration	329 960	303 624
Car, Medical, House and Cellphone Allowance	156 403	151 701
Telephone allowance	6 000	-
Service Bonus	27 450	24 742
Contributions - UIF, Medical, Pension	87 043	91 857
<b>Total</b>	<b>606 856</b>	<b>571 925</b>
<b><i>Remuneration of Head of PIMMS (Acting as Municipal Manager)</i></b>		
Annual Remuneration	567 736	522 468
Car, Medical, House and Cellphone Allowance	50 359	3 250
Acting Allowance (Municipal Manager)	435 572	190 066
Telephone allowance	50 250	-
Contributions - UIF, Medical, Pension	4 012	-
<b>Total</b>	<b>1 107 929</b>	<b>715 784</b>
<b><i>Remuneration of Head of Economic Development</i></b>		
Annual Remuneration	45 182	-
Car, Medical, House and Cellphone Allowance	31 492	-
Contributions - UIF, Medical, Pension	14 218	-
<b>Total</b>	<b>90 892</b>	<b>-</b>
<b><i>Remuneration of Head of Economic Development</i></b>		
Annual Remuneration	28 621	-
Car, Medical, House and Cellphone Allowance	14 939	-
Telephone allowance	500	-
Leave Payout	19 250	-
Service Bonus	16 721	-
Contributions - UIF, Medical, Pension	7 449	-
<b>Total</b>	<b>87 479</b>	<b>-</b>

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>Remuneration of Head of Projects (Former)</b>		
Annual Remuneration	-	277 440
Car, Medical, House and Cellphone Allowance	-	120 303
Service Bonus	-	22 608
Contributions - UIF, Medical, Pension	-	78 401
<b>Total</b>	<b>-</b>	<b>498 752</b>

<b>Remuneration of Head of Projects (Current)</b>		
Annual Remuneration	293 616	170 194
Car, Medical, House and Cellphone Allowance	178 235	75 776
Telephone allowance	6 000	-
Service Bonus	24 468	-
Contributions - UIF, Medical, Pension	74 111	44 061
<b>Total</b>	<b>576 430</b>	<b>290 031</b>

<b>Remuneration of Head of Administration</b>		
Annual Remuneration	301 484	277 440
Car, Medical, House and Cellphone Allowance	153 801	118 085
Telephone allowance	6 000	-
Service Bonus	25 081	22 608
Contributions - UIF, Medical, Pension	70 161	64 004
<b>Total</b>	<b>556 527</b>	<b>482 137</b>

**25. REMUNERATION OF COUNCILLORS**

Mayor	390 240	416 256
Speaker	337 686	333 004
Councillors	907 355	886 424
Travelling allowance	514 863	540 476
Telephone allowance	106 725	106 916
<b>Total Councillors' Remuneration</b>	<b>2 256 870</b>	<b>2 283 077</b>

***In-kind Benefits***

The Executive Mayor and Speaker are full-time Councillors. Each is provided with an office and secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.

***Certification by the Municipal Manager***

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

.....  
**Signed: Municipal Manager**

**26. DEBT IMPAIRMENT**

Receivables from non-exchange transactions - Note 15	181 636	-
<b>Total Contribution to Bad Debts Provision</b>	<b>181 636</b>	<b>-</b>

**27. DEPRECIATION AND AMORTISATION**

Property, plant and equipment	1 878 843	1 336 541
Intangible assets	189 606	333 313
Investment property carried at cost	28 094	28 094
<b>Total Depreciation and Amortisation</b>	<b>2 096 543</b>	<b>1 697 948</b>

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>28. FINANCE COSTS</b>		
Long-term Liabilities	145 588	677 597
Non-current Employee Benefits	1 346 534	1 347 522
<b>Total Finance Costs</b>	<b>1 492 122</b>	<b>2 025 119</b>
<b>29. GRANTS AND SUBSIDIES PAID</b>		
Grants paid to Local Municipalities	5 834 507	5 848 652
<b>Total Grants and Subsidies</b>	<b>5 834 507</b>	<b>5 848 652</b>
<b>30. GENERAL EXPENSES</b>		
Administration Costs	376 371	299 881
Advertisement	333 752	215 927
Audit Fees	863 099	862 285
Bank Charges	86 917	81 530
Congress Fees	14 730	26 267
Contractors Services	57 357	50 882
Entertainment and Receptions	97 241	93 234
Exhibitions	97 293	79 493
Fuel Cost	2 713 378	2 003 845
Insurance	92 881	105 522
Legal Fees	47 533	554 904
Licences	54 235	68 266
Materials/Toxins	500 152	399 607
Membership Fees/Subscriptions	145 138	256 868
Municipal Services	663 843	698 132
Protective Clothing	44 670	37 206
Printing and Stationary	170 810	144 226
Rent	22 942	75 634
Projects	2 462 669	2 712 746
Sundries	461 172	868 325
Telephone and Postage	639 871	595 658
Travelling Costs	1 230 244	1 205 476
Training Fees	432 721	283 383
<b>Total General Expenses</b>	<b>11 609 020</b>	<b>11 719 297</b>
<b>31. GAIN/ (LOSS) ON SALE OF ASSETS</b>		
Property, plant and equipment	-	(117 268)
<b>Total Gain/ (Loss) on Sale of Assets</b>	<b>-</b>	<b>(117 268)</b>
<b>32. (IMPAIRMENT LOSS)/ REVERSAL OF IMPAIRMENT LOSS</b>		
Property, Plant and Equipment	6 525 471	-
<b>Total (Impairment Loss)/ Reversal of Impairment Loss</b>	<b>6 525 471</b>	<b>-</b>
<b>33. PROFIT/ (LOSS) FROM DISCONTINUED OPERATIONS</b>		
<b>Revenue</b>		
Property Taxes	403 970	383 173
<b>Expenditure</b>	<b>-</b>	<b>-</b>
<b>Total Profit/ (Loss) from Discontinued Operations</b>	<b>403 970</b>	<b>383 173</b>

Namakwa District Municipality provided services to District Management Areas under their control. These areas were transferred by a section 12 notice by the MEC of Cooperative Governance and Transitional Affairs to Local B-Municipalities. Since 30 June 2011, Namakwa District Municipality has no longer control over these District Management Areas and provide no longer any services to these areas.

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>34. CHANGE IN ACCOUNTING POLICY</b>		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
<b>34.1 Property, Plant and Equipment - GRAP 17</b>		
<b>Balance previously reported</b>	-	<b>23 877 289</b>
<b>Implementation of GRAP</b>		
Property, Plant and Equipment measured at provisional amounts in prior years - Note 10.1	-	3 876 853
<b>Restated Balance</b>	<b>-</b>	<b>27 754 142</b>
The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not measure all, Plant and Equipment in accordance with GRAP 17.		
<b>34.2 Accumulated Surplus</b>		
<b>Implementation of GRAP</b>		
Property, Plant and Equipment measured at provisional amounts in prior years - Note 10.1	-	3 876 853
<b>Total</b>	<b>-</b>	<b>3 876 853</b>
<b>35. CORRECTION OF ERROR IN TERMS OF GRAP 3</b>		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
<b>35.1 Taxes</b>		
<b>Balance previously reported</b>	-	605 290
VAT liability not recognised in prior year - Note 8.1	-	(20 377)
<b>Restated Balance</b>	<b>-</b>	<b>584 913</b>
Output Tax i.r.o. of prior year not recognised.		
<b>35.2 Investment Properties</b>		
<b>Balance previously reported</b>	-	-
Recalculation of depreciation on Investment Property prior to 1 July 2009 - Note 11	-	449 497
Recalculation of depreciation on Investment Property for 2009/2010 - Note 11	-	(28 094)
<b>Restated Balance</b>	<b>-</b>	<b>421 403</b>
Remaining useful lives of Investment Property were not reviewed in prior years. Useful lives are now reviewed for the first-time.		
<b>35.3 Intangible Assets</b>		
<b>Balance previously reported</b>	-	1 310 531
Recalculation of depreciation on Intangible Assets prior to 1 July 2009 - Note 12	-	285 195
Recalculation of depreciation on Intangible Assets for 2009/2010 - Note 12	-	(189 606)
<b>Restated Balance</b>	<b>-</b>	<b>1 406 120</b>
Remaining useful lives of Intangible Assets were not reviewed in prior years. Useful lives are now reviewed for the first-time.		
<b>35.4 Accumulated Depreciation - GRAP 17</b>		
<b>Balance previously reported</b>	-	12 218 467
Recalculation of depreciation on Property, Plant and Equipment prior to 1 July 2009 - Note 11	-	(1 344 779)
<b>Restated Balance</b>	<b>-</b>	<b>10 873 688</b>
Remaining useful lives of Property, Plant and Equipment were not reviewed in prior years. Useful lives are now reviewed for the first-time.		

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>35.5 Accumulated Surplus</b>		
VAT liability not recognised in prior year - Note 8.1	-	(20 377)
Recalculation of depreciation on Investment Property prior to 1 July 2009 - Note 1	-	449 497
Recalculation of depreciation on Intangible Assets prior to 1 July 2009 - Note 1	-	285 195
Recalculation of depreciation on Property, Plant and Equipment prior to 1 July 2009 - Note 1	-	1 344 782
<b>Total</b>	<b>-</b>	<b>2 059 097</b>

**35.6 Changes to Statement of Financial Performance**

Movement on operating account as a result of GRAP standards not implemented in prior years:

	<b>Balance previously reported</b>	<b>Adjustments</b>	<b>Restated Balance</b>
<b>Revenue</b>			
Property taxes	-	-	-
Government Grants and Subsidies	52 893 867	-	52 893 867
Public Contributions and Donations	-	-	-
Contributed Property, Plant and Equipment	-	-	-
Fines	-	-	-
Third Party Payments	-	-	-
Actuarial Gains	345 951	-	345 951
Other Revenue from non-exchange transactions	10 479	-	10 479
Property Rates - penalties imposed and collection charges	-	-	-
Service Charges	-	-	-
Water Services Authority Contribution	-	-	-
Rental of Facilities and Equipment	592 074	-	592 074
Interest Earned - external investments	3 682 655	-	3 682 655
Interest Earned - outstanding receivables	-	-	-
Licences and Permits	-	-	-
Income for Agency Services	2 294 478	-	2 294 478
Other Income	643 320	-	643 320
Unamortised Discount - Interest	-	-	-
<b>Total</b>	<b>60 462 824</b>	<b>-</b>	<b>60 462 824</b>
<b>Expenditure</b>			
Employee related costs	(21 539 706)	-	(21 539 706)
Remuneration of Councillors	(2 283 077)	-	(2 283 077)
Debt Impairment	-	-	-
Collection Costs	-	-	-
Depreciation and Amortisation	(1 480 248)	(217 700)	(1 697 947)
Repairs and Maintenance	(1 880 370)	-	(1 880 370)
Unamortised Discount - Interest	-	-	-
Actuarial Losses	(18 564)	-	(18 564)
Finance Costs	(2 025 119)	-	(2 025 119)
Bulk Purchases	-	-	-
Contracted Services	-	-	-
Grants and Subsidies Paid	(5 848 652)	-	(5 848 652)
Other Operating Grant Expenditure	(8 940 044)	-	(8 940 044)
General Expenses	(11 719 297)	-	(11 719 297)
<b>Total</b>	<b>(55 735 075)</b>	<b>(217 700)</b>	<b>(55 952 775)</b>
<b>Net Surplus/(Deficit) for the year</b>	<b>4 727 749</b>	<b>(217 700)</b>	<b>4 510 050</b>



**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>36. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus/(Deficit) for the year	(1 612 280)	4 775 955
<b>Adjustments for:</b>		
Depreciation and amortisation	2 096 548	1 697 948
Loss/(Gain) on disposal of property, plant and equipment	-	117 268
Impairment Loss/(Reversal of Impairment Loss)		-
Debt Impairment	181 636	44 424
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	919 317	18 564
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(454 542)	(345 951)
Operating lease income accrued	(13 908)	(18 066)
Operating Surplus/(Deficit) before changes in working capital	1 116 772	6 290 142
Changes in working capital	(13 463 378)	11 395 582
Increase/(Decrease) in Trade and Other Payables	(8 679 382)	11 771 228
Increase/(Decrease) in Employee Benefits	(820 094)	439 833
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(1 820 057)	(2 783 822)
Increase/(Decrease) in Taxes	(256 032)	(439 909)
(Increase)/Decrease in Inventory	(178 779)	105 011
(Increase)/Decrease in Other Receivables from non-exchange transactions	(603 625)	2 303 241
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	(1 105 408)	-
<b>Cash generated/(absorbed) by operations</b>	<b>(12 346 605)</b>	<b>17 685 724</b>
<b>37. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 17	145 912	4 798 801
Call Investments Deposits - Note 17	63 102 116	71 985 747
Cash Floats - Note 17	755	755
<b>Total cash and cash equivalents</b>	<b>63 248 782</b>	<b>76 785 303</b>
<b>38. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 37	63 248 782	76 785 303
<b>Less:</b>	<b>(11 579 640)</b>	<b>(13 399 697)</b>
Unspent Committed Conditional Grants - Note 7	(11 579 640)	(13 399 697)
Net cash resources available for internal distribution	51 669 142	63 385 606
Allocated to:		
Capital Replacement Reserve	(710 770)	(1 837 177)
<b>Resources available for working capital requirements</b>	<b>50 958 372</b>	<b>61 548 429</b>
<b>39. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term Liabilities - Note 3	178 186	4 378 478
Used to finance property, plant and equipment - at cos	(178 186)	(4 378 478)
	-	-
Cash set aside for the repayment of long-term liabilities		
<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**40. BUDGET COMPARISONS**

	<b>2011 Actual R</b>	<b>2011 Budget R</b>	<b>2011 Variance R</b>	<b>2011 Variance %</b>
<b>40.1 Operational Budget by source/type</b>				
<b>Revenue by source</b>				
Property rates	403 970	405 000	(1 030)	-0.25%
Property rates - penalties & collection charges	-	-	-	-
Service charges - electricity revenue	-	-	-	-
Service charges - water revenue	-	-	-	-
Service charges - sanitation revenue	-	-	-	-
Service charges - refuse revenue	-	-	-	-
Service charges - other	-	-	-	-
Rental of facilities and equipment	950 221	907 000	43 221	4.77%
Interest earned - external investments	3 407 420	1 800 000	1 607 420	89.30%
Interest earned - outstanding debtors	202 005	500	201 505	40300.98%
Dividends received	-	-	-	-
Fines	-	30 000	(30 000)	-100.00%
Licences and Permits	-	-	-	-
Agency services	1 618 456	41 734 000	(40 115 544)	-96.12%
Transfers recognised	55 865 709	60 047 000	(4 181 291)	-6.96%
Other revenue	1 314 189	782 000	532 189	68.05%
Gains on disposal of PPE	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>63 761 969</b>	<b>105 705 500</b>	<b>(41 943 531)</b>	<b>-39.68%</b>
	<b>2011 Actual R</b>	<b>2011 Budget R</b>	<b>2011 Variance R</b>	<b>2011 Variance %</b>
<b>Expenditure by Type</b>				
Employee related costs	(22 076 058)	(28 532 000)	6 455 942	-22.63%
Remuneration of councillors	(2 256 871)	(3 530 000)	1 273 129	-36.07%
Debt Impairment	(181 636)	-	(181 636)	100.00%
Depreciation & asset impairment	(2 096 548)	(692 200)	(1 404 348)	202.88%
Finance charges	(1 492 122)	(227 000)	(1 265 122)	557.32%
Bulk purchases	-	-	-	-
Other materials	-	-	-	-
Contracted services	-	(100 000)	100 000	-100.00%
Transfers and grants	(11 502 561)	(41 848 000)	30 345 439	-72.51%
Other expenditure	(19 242 983)	(34 471 000)	15 228 017	-44.18%
Loss on disposal of PPE	(6 525 471)	-	(6 525 471)	-
<b>Total Expenditure</b>	<b>(65 374 249)</b>	<b>(109 400 200)</b>	<b>44 025 951</b>	<b>-40.24%</b>
<b>Surplus/(Deficit) for the year</b>	<b>(1 612 280)</b>	<b>(3 694 700)</b>	<b>2 082 420</b>	<b>-56.36%</b>

**Details of material variances**

Refer to Annexure E(1) for explanations.

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 Actual R</b>	<b>2011 Budget R</b>	<b>2011 Variance R</b>	<b>2011 Variance %</b>
<b>40.2 Operational Budget by Standard Classification</b>				
<b><u>Revenue - Standard</u></b>				
Governance and Administration				
Executive and council	8 515 340	11 830 500	(3 315 160)	-28.02%
Budget and Treasury Office	26 150 809	28 030 000	(1 879 191)	-6.70%
Corporate Services	1 490 945	7 239 000	(5 748 055)	-79.40%
Community and Public Safety				
Community and Social Services	-	1 878 000	(1 878 000)	-100.00%
Sport and Recreation	-	-	-	-
Public Safety	666 704	1 335 000	(668 296)	-50.06%
Housing	-	-	-	-
Health	-	-	-	-
Economic and Environmental Services				
Planning and Development	16 873 069	24 793 000	(7 919 931)	-31.94%
Road Transport	10 065 104	30 565 000	(20 499 896)	-67.07%
Environmental Protection	-	-	-	-
Trading Services				
Electricity	-	-	-	-
Water	-	-	-	-
Waste Water Management	-	-	-	-
Waste Management	-	-	-	-
Other		35 000	(35 000)	-100.00%
<b>Total Revenue</b>	<b>63 761 970</b>	<b>105 705 500</b>	<b>(41 943 530)</b>	<b>-39.68%</b>
	<b>2011 Actual R</b>	<b>2011 Budget R</b>	<b>2011 Variance R</b>	<b>2011 Variance %</b>
<b><u>Expenditure - Standard</u></b>				
Governance and Administration				
Executive and council	(21 330 322)	(27 950 200)	6 619 878	-23.68%
Budget and Treasury Office	(3 255 487)	(4 536 000)	1 280 513	-28.23%
Corporate Services	(6 928 105)	(7 808 000)	879 895	-11.27%
Community and Public Safety				
Community and Social Services	2 836 499	(4 516 000)	7 352 499	-162.81%
Sport and Recreation	-	-	-	-
Public Safety	(2 648 377)	(3 218 000)	569 623	-17.70%
Housing	-	-	-	-
Health	(50 866)	(84 000)	33 134	-39.45%
Economic and Environmental Services				
Planning and Development	(24 349 486)	(28 963 000)	4 613 514	-15.93%
Road Transport	(9 632 746)	(29 165 000)	19 532 254	-66.97%
Environmental Protection	-	-	-	-
Trading Services				
Electricity	(15 360)	(765 000)	749 640	-97.99%
Water	-	(565 000)	565 000	-100.00%
Waste Water Management	-	-	-	-
Waste Management	-	-	-	-
Other	-	(1 830 000)	1 830 000	-100.00%
<b>Total Expenditure</b>	<b>(65 374 250)</b>	<b>(109 400 200)</b>	<b>44 025 950</b>	<b>-40.24%</b>
<b>Surplus/(Deficit) for the year</b>	<b>(1 612 280)</b>	<b>(3 694 700)</b>	<b>2 082 420</b>	<b>-56.36%</b>

**Details of material variances**

Refer to Annexure E(1) for explanations.

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 Actual R</b>	<b>2011 Budget R</b>	<b>2011 Variance R</b>	<b>2011 Variance %</b>
<b>40.3 Capital Expenditure by Standard Classification</b>				
Governance and Administration				
Executive and council	55 991	77 000	(21 009)	-27.28%
Budget and Treasury Office	331 968	455 000	(123 032)	-27.04%
Corporate Services	773 915	1 441 000	(667 085)	-46.29%
Community and Public Safety				
Community and Social Services	24 576	36 000	(11 424)	-31.73%
Sport and Recreation	-	-	-	-
Public Safety	-	8 000	(8 000)	-100.00%
Housing	-	-	-	-
Health	-	-	-	-
Economic and Environmental Services				
Planning and Development	3 465	228 000	(224 535)	-98.48%
Road Transport	-	-	-	-
Environmental Protection	-	-	-	-
Trading Services				
Electricity	-	-	-	-
Water	-	-	-	-
Waste Water Management	-	-	-	-
Waste Management	-	-	-	-
Other	-	-	-	-
<b>Total Capital Expenditure</b>	<b>1 189 915</b>	<b>2 245 000</b>	<b>(1 055 085)</b>	<b>-47.00%</b>

**Details of material variances**

Refer to Annexure E(2) for explanations.

**41. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**41.1 Unauthorised expenditure**

Reconciliation of unauthorised expenditure:

Opening balance	815 434	815 434
Unauthorised expenditure current year - operationa	-	-
Unauthorised expenditure current year - capita	-	-
Approved by Council: URN29/11/2010	(815 434)	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisator	-	<b>815 434</b>

**41.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

Opening balance	1 530 457	1 530 457
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council: URN29/11/2010	(1 530 457)	-
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonemen	-	<b>1 530 457</b>

**41.3 Irregular expenditure**

Reconciliation of irregular expenditure:

Opening balance	6 323 059	6 204 215
Irregular expenditure current year	-	312 928
Recovered during the year (payment to Mayor)	-	(1 818)
Correction of Error - Note 35.4	-	(192 266)
Condoned or written off by Council: URN29/11/2010	(6 323 059)	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonemen	-	<b>6 323 059</b>

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	2011 R	2010 R		
42. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT				
42.1 <u>Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)</u>				
Opening balance	-	53 616		
Council subscriptions	173 591	151 218		
Amount paid - current year	(173 591)	(53 616)		
Amount paid - previous years	-	(151 218)		
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>		
42.2 <u>Audit fees - [MFMA 125 (1)(b)]</u>				
Opening balance	-	38 189		
Current year audit fee	1 718 115	862 285		
External Audit - Auditor-General	1 718 115	862 285		
Internal Audit	-	-		
Audit Committee	-	-		
Amount paid - current year	(1 641 088)	(862 285)		
Amount paid - previous year	-	(38 189)		
<b>Balance unpaid (included in creditors)</b>	<b>77 027</b>	<b>-</b>		
42.3 <u>VAT - [MFMA 125 (1)(b)]</u>				
Opening balance	605 290	165 381		
Amounts received - current year	1 906 348	(962 134)		
Amounts claimed - current year (payable)	(1 670 692)	1 402 043		
Amount paid - current year	-	-		
Amount paid - previous year	-	-		
<b>Closing balance</b>	<b>840 946</b>	<b>605 290</b>		
VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.				
42.4 <u>PAYE and UIF - [MFMA 125 (1)(b)]</u>				
Opening balance	-	-		
Current year payroll deductions	2 961 818	3 068 035		
Amount paid - current year	(2 961 818)	(3 068 035)		
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>		
42.5 <u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u>				
Opening balance	-	-		
Current year payroll deductions and Council Contributions	5 549 924	7 015 296		
Amount paid - current year	(5 549 924)	(7 015 296)		
Amount paid - previous year	-	-		
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>		
42.6 <u>Non-compliance with Chapter 14 of the Municipal Finance Management Act</u>				
Non-compliance to the Supply Chain Management Regulations were identified on the following categories:				
	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Executive & Council	-	232 252	-	-
Financial Services	-	-	300 000	-
Technical Services	-	-	1 180 645	-
	-	232 252	1 480 645	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

42.7 Commitments in respect of contracts:

Supplier	Services	Date awarded	Balance of contract
Nashua	Rental of photocopiers	01/02/2010	229 405

43. **FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

**(b) Price Risk**

The municipality is not exposed to price risk.

**(c) Interest Rate Risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year. The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:

1% (2010: 1%) Increase in interest rates	630 698	724 061
1% (2010: 1%) Decrease in interest rates	(630 698)	(724 061)

**(d) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates are payable within 30 days from invoice date. Refer to note 15 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 %</b>	<b>2011 R</b>	<b>2010 %</b>	<b>2010 R</b>
<u>Non-exchange Receivables</u>				
Rates	7.65%	307 969	6.01%	205 439
Other	92.35%	3 716 419	93.99%	3 215 322
	<u>100.00%</u>	<u>4 024 388</u>	<u>100.00%</u>	<u>3 420 761</u>

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 15 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	<b>2011 %</b>	<b>2011 R</b>	<b>2010 %</b>	<b>2010 R</b>
<u>Non-exchange Receivables</u>				
Rates	0.00%	-	0.00%	-
Other	100.00%	2 874 371	100.00%	2 692 735
	<u>100.00%</u>	<u>2 874 371</u>	<u>100.00%</u>	<u>2 692 735</u>

The provision for bad debts could be allocated between the different categories of receivables as follow:

	<b>2011 %</b>	<b>2011 R</b>	<b>2010 %</b>	<b>2010 R</b>
Government	82.17%	2 361 999	13.65%	367 601
Industrial	3.04%	87 242	2.13%	57 246
Residential	14.79%	425 129	84.22%	2 267 888
	<u>100.00%</u>	<u>2 874 371</u>	<u>100.00%</u>	<u>2 692 735</u>

Bad debts written-off per receivable class:

	<b>2011 %</b>	<b>2011 R</b>	<b>2010 %</b>	<b>2010 R</b>
<u>Non-exchange Receivables</u>				
Rates	-	-	-	-
Other	-	-	100.00%	184 851
	<u>-</u>	<u>-</u>	<u>100.00%</u>	<u>184 851</u>

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Financial assets exposed to credit risk at year end are as follows:

Receivables from non-exchange transactions	4 024 388	3 420 761
Cash and Cash Equivalents	63 248 027	76 784 548
Unpaid Conditional Grants and Subsidies	1 105 408	-
	<u>68 377 823</u>	<u>80 205 309</u>

**(e) Liquidity Risk**

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Between 5 and 10 years</b>	<b>More than 10 years</b>
<b>2011</b>				
Long-term Liabilities	64 020	165 385	-	-
Trade and Other Payables	4 102 793	-	-	-
Unspent Conditional Grants and Receipts	11 579 640	-	-	-
	<u>15 746 453</u>	<u>165 385</u>	<u>-</u>	<u>-</u>
	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Between 5 and 10 years</b>	<b>More than 10 years</b>
<b>2010</b>				
Long-term Liabilities	64 020	229 405	-	-
Trade and Other Payables	15 458 747	-	-	-
Unspent Conditional Grants and Receipts	13 399 697	-	-	-
	<u>28 922 464</u>	<u>229 405</u>	<u>-</u>	<u>-</u>

**44. FINANCIAL INSTRUMENTS**

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

**44.1 Financial Assets**

**Classification**

**Investments**

Unlisted Investments	Available for sale	1 146	1 146
----------------------	--------------------	-------	-------

**Receivables from Non-Exchange Transactions**

Sundry Debtors	Loans and Receivables	842 048	522 587
Assessment Rates	Loans and Receivables	307 969	205 440

**Cash and Cash Equivalents**

Bank Balances	Loans and Receivables	145 912	4 798 801
Call Deposits	Loans and Receivables	63 102 116	71 985 747
Cash Floats and Advances	Loans and Receivables	755	755

**Total Financial Assets**

<b>64 399 945</b>	<b>77 514 476</b>
-------------------	-------------------

**SUMMARY OF FINANCIAL ASSETS**

**Financial Instruments at cost:**

Investments	Unlisted Investments	1 146	1 146
		<u>1 146</u>	<u>1 146</u>

**Financial Instruments at amortised cost:**

Receivables from Non-exchange Transactions	Sundry Debtors	842 048	522 587
Receivables from Non-exchange Transactions	Recoverable Works	307 969	205 440
Cash and Cash Equivalents	Bank Balances	145 912	4 798 801
Cash and Cash Equivalents	Cash Floats and Advances	755	755
Cash and Cash Equivalents	Call Deposits	63 102 116	71 985 747
		<u>64 398 799</u>	<u>77 513 330</u>

**Total Financial Assets**

<b>64 399 945</b>	<b>77 514 476</b>
-------------------	-------------------

**44.2 Financial Liabilities**

**Classification**

**Long-term Liabilities**

Annuity Loans	Financial Instruments at amortised cost	-	3 486 673
Capitalised Lease Liability	Financial Instruments at amortised cost	137 309	178 186



**NAMAKWA DISTRICT MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

		<b>2011 R</b>	<b>2010 R</b>
<b>Trade and Other Payables</b>			
Trade Creditors	Financial Instruments at amortised cost	159 902	2 783 154
Payments received in advance	Financial Instruments at amortised cost	64 144	25 365
Other Creditors	Financial Instruments at amortised cost	3 878 747	12 650 229
<b>Current Portion of Long-term Liabilities</b>			
Annuity Loans	Financial Instruments at amortised cost	-	678 218
Capitalised Lease Liability	Financial Instruments at amortised cost	40 877	35 401
		<u>4 280 980</u>	<u>19 837 225</u>

**SUMMARY OF FINANCIAL LIABILITIES**

**Financial instruments at amortised cost:**

Long-term Liabilities	Annuity Loans	-	3 486 673
Long-term Liabilities	Capitalised Lease Liability	137 309	178 186
Trade and Other Payables	Trade Creditors	159 902	2 783 154
Trade and Other Payables	Payments received in advance	64 144	25 365
Trade and Other Payables	Other Creditors	3 878 747	12 650 229
Current Portion of long-term liabilities	Annuity Loans	-	678 218
Current Portion of long-term liabilities	Capitalised Lease Liability	40 877	35 401
		<u>4 280 980</u>	<u>19 837 225</u>

**45. EVENTS AFTER THE REPORTING DATE**

Namakwa District Municipality is from 1 July 2011 no longer an agent for Department of Roads and Public Works. The maintenance of roads function was transferred back to the department.

Graders and radio's with a book value of R78 331 was donated to farming communities after year-end.

**46. IN-KIND DONATIONS AND ASSISTANCE**

The municipality did not receive any in-kind donations or assistance during the year under review.

**47. PRIVATE PUBLIC PARTNERSHIPS**

Council has not entered into any private public partnerships during the financial year.

**48. CONTINGENT LIABILITY**

The municipality did not comply with all the requirements of the CIDB Act where work were performed by contractors. The potential liability for the municipality could be between R100 000 to R500 000 per contract. The contracts, where the requirements of the CIDB Act were not met, could be summarised as follows:

<b>Contract</b>	<b>Payments made i.r.o the contract</b>
Bloukrans/Rooiberg en Loeriesfontein	R 195 670
Bo-Waterdrift - Calvinia	R 195 000
Loeriesfontein/Ganaga Pas	R 190 000
Rooifontein/Kamasies	R 287 950
Vioolsdrif/Rooiwal	R 4 250 000
Okiep Sportgrounds	R 259 892

**49. RELATED PARTIES**

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers.

**49.1 Compensation of key management personnel**

The compensation of key management personnel is set out in note 24 to the Annual Financial Statements.

**50. GOING CONCERN**

Management is of the opinion that will municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.

EXAMPLE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

10. PROPERTY, PLANT AND EQUIPMENT

10.1 30 JUNE 2011

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Heritage R	Lease Assets R	Other R	Housing R	Total R
<b>Carrying value at 1 July 2010</b>	4 346 895	6 738 103	47 740	-	226 596	5 521 119	-	16 880 453
<b>Cost</b>	9 587 566	9 186 280	159 133	-	245 504	8 575 660	-	27 754 143
Original Cost	5 729 318	9 186 280	159 133	-	226 899	8 575 660	-	23 877 290
Change in Accounting Policy - Note 34.1	3 858 248	-	-	-	18 605	-	-	3 876 853
<b>Accumulated Depreciation</b>	(5 240 671)	(2 448 177)	(111 393)	-	(18 908)	(3 054 541)	-	(10 873 690)
Original Cost	(5 288 300)	(2 460 856)	(159 133)	-	(18 908)	(4 291 272)	-	(12 218 469)
Correction of Error - Note 35.4	47 629	12 679	47 740	-	-	1 236 731	-	1 344 779
<b>Acquisitions</b>	273 946	-	-	-	-	715 474	-	989 420
<b>Capital under Construction</b>	-	-	-	-	-	-	-	-
<b>Depreciation</b>	(193 221)	(267 798)	(3 183)	-	(45 380)	(1 369 262)	-	(1 878 844)
Normal Depreciation	(193 221)	(267 798)	(3 183)	-	(45 380)	(1 369 262)	-	(1 878 844)
Backlog Depreciation previously not recorded	-	-	-	-	-	-	-	-
<b>Impairment losses</b>	-	(6 407 054)	-	-	-	(118 417)	-	(6 525 471)
Cost	-	(9 080 863)	-	-	-	(398 825)	-	(9 479 688)
Accumulated Depreciation	-	2 673 809	-	-	-	280 408	-	2 954 217
<b>Carrying value at 30 June 2011</b>	4 427 620	63 251	44 557	-	181 216	4 748 914	-	9 465 558
<b>Cost</b>	9 861 511	105 417	159 133	-	226 899	8 910 914	-	19 263 874
Original Cost	9 861 511	105 417	159 133	-	226 899	8 910 914	-	19 263 874
<b>Accumulated Depreciation</b>	(5 433 892)	(42 165)	(114 576)	-	(64 288)	(4 143 395)	-	(9 798 316)
Original Cost	(5 433 892)	(42 165)	(114 576)	-	(64 288)	(4 143 395)	-	(9 798 316)

EXAMPLE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

10.2 30 JUNE 2010

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Heritage R	Lease Assets R	Other R	Housing R	Total R
Carrying value at 1 July 2009	509 703	6 968 908	-	-	-	3 167 779	-	10 646 390
<b>Cost</b>	4 507 602	9 098 895	1 903 811	-	-	7 025 092	-	22 535 400
Original Cost	4 507 602	9 098 895	1 903 811	-	-	7 025 092	-	22 535 400
<b>Accumulated Depreciation</b>	(3 997 899)	(2 129 987)	(1 903 811)	-	-	(3 857 313)	-	(11 889 010)
Original Cost	(3 997 899)	(2 129 987)	(1 903 811)	-	-	(3 857 313)	-	(11 889 010)
<b>Acquisitions</b>	-	-	-	-	226 899	2 388 338	-	2 615 237
<b>Proceeds on Sale of Assets</b>	-	-	-	-	-	266 264	-	266 264
<b>Depreciation</b>	(68 685)	(323 779)	-	-	(18 908)	(1 423 606)	-	(1 834 978)
Normal Depreciation	(68 685)	(323 779)	-	-	(18 908)	(1 423 606)	-	(1 834 978)
Backlog Depreciation previously not recorded	-	-	-	-	-	-	-	-
<b>Correction of Fixed Asset Register Classification in current year</b>	-	80 295	-	-	-	(80 295)	-	-
Cost	-	87 385	-	-	-	(87 385)	-	-
Accumulated Depreciation	-	(7 090)	-	-	-	7 090	-	-
<b>Impairment losses</b>	-	-	-	-	-	(34 090)	-	(34 090)
<b>Carrying value at 30 June 2010</b>	441 018	6 725 424	-	-	207 991	4 284 390	-	11 658 823
<b>Cost</b>	5 729 318	9 186 280	159 133	-	226 899	8 575 660	-	23 877 290
Original Cost	5 729 318	9 186 280	159 133	-	226 899	8 575 660	-	23 877 290
<b>Accumulated Depreciation</b>	(5 288 300)	(2 460 856)	(159 133)	-	(18 908)	(4 291 272)	-	(12 218 469)
Original Cost	(5 288 300)	(2 460 856)	(159 133)	-	(18 908)	(4 291 272)	-	(12 218 469)

Refer to Appendix B for a more detailed disclosure of Property, Plant and Equipment.

Since the previous reporting date the following Property, Plant and Equipment were measured in accordance with GRAP 17 and restated retrospectively:

	2011 R	2010 R
Land		3 876 853
Accumulated depreciation as a result of review of useful lives.		1 344 779
		<u>5 221 632</u>
	<u>-</u>	

**APPENDIX A**  
**NAMAKWA DISTRICT MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011**

<b>EXTERNAL LOANS</b>	<b>Rate</b>	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30 June 2010</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 30 June 2011</b>
<b>ANNUITY LOANS</b>							
DBSA		100126	30/06/2013	1 854 168	-	1 854 168	-
DBSA		Various	2018/2019	2 310 723	-	2 310 723	-
<b>Total Annuity Loans</b>				<b>4 164 891</b>	<b>-</b>	<b>4 164 891</b>	<b>-</b>
<b>LEASE LIABILITY</b>							
Office Equipment		NDM006-460818	30/06/2009	213 587	-	35 401	178 186
<b>Total Lease Liabilities</b>				<b>213 587</b>	<b>-</b>	<b>35 401</b>	<b>178 186</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>4 378 478</b>	<b>-</b>	<b>4 200 292</b>	<b>178 186</b>

**APPENDIX B**  
**NAMAKWA DISTRICT MUNICIPALITY**  
**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011**

	Cost/Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Change in Accounting Policy/ Correction of Error	Additions	Under Construction	Disposals/ Impairment	Closing Balance	Opening Balance	Change in Accounting Policy/ Correction of Error	Additions	Disposals/ Impairment	Closing Balance	
<b>Land and Buildings</b>												
Land	33	1 738 811	-	-	-	1 738 844	-	-	-	-	-	1 738 844
Buildings	5 729 284	2 119 437	273 946	-	-	8 122 667	5 288 299	(47 629)	193 221	-	5 433 892	2 688 776
	5 729 317	3 858 248	273 946	-	-	9 861 511	5 288 299	(47 629)	193 221	-	5 433 892	4 427 620
<b>Infrastructure</b>												
Drains	-	-	-	-	-	-	-	-	-	-	-	-
Roads and Streets	-	-	-	-	-	-	-	-	-	-	-	-
Beach Improvements	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage Mains and Purification	-	-	-	-	-	-	-	-	-	-	-	-
Electricity mains	9 080 863	-	-	-	(9 080 863)	-	2 421 563	-	252 246	(2 673 809)	-	-
Electricity Peak Load equipment	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	-
Water Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains	-	-	-	-	-	-	-	-	-	-	-	-
Security Measures	105 417	-	-	-	-	105 417	39 292	(12 679)	15 552	-	42 165	63 252
	9 186 280	-	-	-	(9 080 863)	105 417	2 460 855	(12 679)	267 798	(2 673 809)	42 165	63 252
<b>Community Assets</b>												
Parks and Gardens	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-
Civic Buildings	159 133	-	-	-	-	159 133	159 133	(47 740)	3 183	-	114 576	44 557
	159 133	-	-	-	-	159 133	159 133	(47 740)	3 183	-	114 576	44 557
<b>Heritage Assets</b>												
	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total carried forward</b>	15 074 730	3 858 248	273 946	-	(9 080 863)	10 126 061	7 908 287	(108 047)	464 202	(2 673 809)	5 590 632	4 535 429

**APPENDIX B**  
**NAMAKWA DISTRICT MUNICIPALITY**  
**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011**

	Cost/Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Change in Accounting Policy/ Correction of Error	Additions	Under Construction	Disposals/ Impairment	Closing Balance	Opening Balance	Change in Accounting Policy/ Correction of Error	Additions	Disposals/ Impairment	Closing Balance	
<b>Total brought forward</b>	15 074 730	3 858 248	273 946	-	(9 080 863)	10 126 061	7 908 287	(108 047)	464 202	(2 673 809)	5 590 632	4 535 429
<b>Lease Assets</b>												
Office Equipment (Lease)	226 899	-	-	-	-	226 899	18 908	-	45 380	-	64 288	162 611
<b>Other Assets</b>												
Office Equipment	2 881 549	18 171	567 177	-	(128 299)	3 338 599	1 607 053	(629 604)	522 661	(113 924)	1 386 187	1 952 412
Furniture and Fittings	1 312 170	-	98 753	-	(7 690)	1 403 233	587 297	(231 225)	186 777	(4 980)	537 869	865 364
Bins and Containers	18 110	434	-	-	-	18 544	7 598	(2 474)	2 696	-	7 820	10 724
Plant and Equipment	1 532 743	-	49 543	-	(1 999)	1 580 287	1 267 108	(244 549)	193 373	(1 594)	1 214 337	365 950
Motor Vehicles	2 640 955	-	-	-	(153 522)	2 487 433	806 092	(120 985)	444 834	(153 522)	976 419	1 511 013
Fire Equipment	190 133	-	-	-	(107 315)	82 818	16 124	(7 894)	18 920	(6 388)	20 763	62 056
Refuse Tankers	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Councillors Regalia	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy Tankers	-	-	-	-	-	-	-	-	-	-	-	-
Water crafts	-	-	-	-	-	-	-	-	-	-	-	-
	8 575 660	18 605	715 474	-	(398 825)	8 910 914	4 291 272	(1 236 731)	1 369 262	(280 408)	4 143 395	4 767 519
<b>Total</b>	23 877 289	3 876 853	989 420	-	(9 479 688)	19 263 874	12 218 467	(1 344 778)	1 878 843	(2 954 217)	9 798 315	9 465 559

**APPENDIX C**  
**NAMAKWA DISTRICT MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011**  
**GENERAL FINANCE STATISTICS CLASSIFICATION**

	Cost/Revaluation					Accumulated Depreciation					Carrying Value
	Opening Balance	Change in Accounting Policy/ Correction of Error	Additions	Disposals/ Impairment	Closing Balance	Opening Balance	Change in Accounting Policy/ Correction of Error	Additions	Disposals/ Impairment	Closing Balance	
Executive Mayor	134 571	-	-	-	134 571	73 535	(24 074)	20 891	-	70 352	64 220
Mayor: PA	13 025	-	27 510	-	40 535	9 350	(2 876)	3 437	-	9 911	30 624
Speaker	65 337	-	-	-	65 337	39 885	(10 835)	12 192	-	41 241	24 095
Speaker: Secretary	35 889	-	6 009	-	41 898	17 693	(6 843)	5 258	-	16 109	25 789
Council: Councillors	5 432	-	-	-	5 432	5 432	(2 037)	340	-	3 735	1 698
Council Exp: Admin	6 377 382	3 858 349	-	(33 636)	10 202 095	5 931 479	(244 097)	281 113	(33 636)	5 934 859	4 267 236
Community Development Officer	15 540	-	-	-	15 540	-	-	3 108	-	3 108	12 432
Municipal Manager	116 366	-	-	(3 486)	112 880	60 446	(27 149)	15 023	(1 975)	46 345	66 535
Municipal Manager Admin	47 487	-	-	-	47 487	35 044	(16 799)	6 750	-	24 995	22 492
Deputy Municipal Manager	-	-	-	-	-	-	-	-	-	-	-
Internal Audit	25 678	-	-	-	25 678	16 108	(5 971)	6 433	-	16 570	9 108
Administration - Admin	685 474	-	13 167	(45 234)	653 407	355 281	(129 816)	129 979	(42 113)	313 331	340 076
Administration - HR	79 612	-	5 644	(1 914)	83 342	33 142	(10 268)	16 461	(1 084)	38 251	45 091
Equitable Share	-	-	-	-	-	-	-	-	-	-	-
Manager - Finance	913 010	354	161 150	(25 718)	1 048 795	429 291	(225 789)	184 987	(22 486)	366 002	682 793
Finance - Income	-	-	-	-	-	-	-	-	-	-	-
Finance - Expenditure	-	-	-	-	-	-	-	-	-	-	-
Safety	674 717	-	25 753	(107 315)	593 155	240 691	(58 835)	89 358	(6 388)	264 826	328 330
Head - Economic Development	60 320	-	-	(638)	59 683	25 909	(9 831)	12 295	(602)	27 771	31 912
Development & Marketing Officer	-	-	-	-	-	-	-	-	-	-	-
Tourism	290 014	-	-	(9 145)	280 869	135 076	(55 707)	43 827	(5 565)	117 632	163 237
Problem Animal Control	-	-	-	-	-	-	-	-	-	-	-
Head: Socio-Economic Develop	-	-	-	-	-	-	-	-	-	-	-
PIMS	397 807	-	3 465	(1 518)	399 754	279 494	(100 520)	62 062	(1 434)	239 603	160 152
Head Projects	-	-	-	-	-	-	-	-	-	-	-
Council Buildings	801 414	-	679 938	-	1 481 352	245 945	(71 744)	103 454	-	277 655	1 203 697
Council Vehicles	3 532 571	-	427	(153 522)	3 379 476	1 604 979	(226 160)	524 641	(153 522)	1 749 938	1 629 539
Council Projects	9 483 408	18 150	41 781	(9 097 563)	445 776	2 634 617	(100 865)	334 424	(2 685 411)	182 765	263 011
Environmental Health	106 967	-	24 576	-	131 544	35 182	(8 663)	19 912	-	46 431	85 113
Operational and Maintenance	14 597	-	-	-	14 597	9 553	(5 898)	2 815	-	6 469	8 127
PMU	672	-	-	-	672	336	-	84	-	420	252
	23 877 290	3 876 853	989 420	(9 479 688)	19 263 875	12 218 469	(1 344 778)	1 878 843	(2 954 217)	9 798 317	9 465 558

**APPENDIX D**  
**NAMAKWA DISTRICT MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
2 303 190	13 025 775	(10 722 585)	Executive & Council	8 515 340	21 330 322	(12 814 982)
25 198 848	4 089 973	21 108 875	Budget & Treasury Office	26 150 809	3 255 487	22 895 322
1 485 642	5 955 079	(4 469 437)	Corporate Services	1 490 945	6 928 105	(5 437 160)
8 631 576	7 546 534	1 085 043	Planning & Development	16 873 069	24 349 486	(7 476 417)
-	49 879	(49 879)	Health	-	50 866	(50 866)
-	-	-	Community & Social Services	-	(2 836 499)	2 836 499
-	-	-	Housing	-	-	-
1 183 705	2 070 857	(887 152)	Public Safety	666 704	2 648 377	(1 981 673)
-	-	-	Sport and Recreation	-	-	-
1 385 188	2 571 351	(1 186 163)	Environmental Protection	-	-	-
-	-	-	Waste Management	-	-	-
-	-	-	Waste Water Management	-	-	-
20 806 243	20 806 243	-	Road Transport	10 065 104	9 632 746	432 358
-	4 798	(4 798)	Water	-	-	-
600	98 550	(97 950)	Electricity	-	15 360	(15 360)
60 994 994	56 219 039	4 775 955	Sub Total	63 761 970	65 374 250	(1 612 280)
-	-	-	Less Inter-Departmental Charges	-	-	-
60 994 994	56 219 039	4 775 955	<b>Total</b>	63 761 970	65 374 250	(1 612 280)



**APPENDIX E(1)**  
**NAMAKWA DISTRICT MUNICIPALITY**  
**REVENUE AND EXPENDITURE**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2011 Actual (R)	2011 Budget (R)	2011 Variance (R)	2011 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
<b>REVENUE</b>					
Property rates	403 970	405 000	(1 030)	-0.25%	
Government Grants and Subsidies	55 865 709	60 047 000	(4 181 291)	-6.96%	
Public Contributions and Donations	-	-	-	0.00%	
Contributed PPE	-	-	-	0.00%	
Fines	-	30 000	(30 000)	-100.00%	Incorrect Budgeting
Third Party Payments	-	-	-	0.00%	
Actuarial gains	-	-	-	0.00%	
Dividends received	-	-	-	0.00%	
Property rates - Penalties & Collection Charges	-	-	-	0.00%	
Service Charges	-	-	-	0.00%	
Water Services Authority Contribution	-	-	-	0.00%	
Rental of Facilities and Equipment	950 221	907 000	43 221	4.77%	
Interest Earned - External Investments	3 407 420	1 800 000	1 607 420	89.30%	Additional interest received
Interest Earned - Outstanding Receivables	202 005	500	201 505	40300.98%	Additional interest received
Licences and Permits	-	-	-	0.00%	
Agency Services	1 618 456	41 734 000	(40 115 544)	-96.12%	Incorrect Budgeting
Other Income	1 314 189	782 000	532 189	68.05%	Additional income received
Unamortised discount - Interest	-	-	-	0.00%	
Gains on Disposal of PPE	-	-	-	0.00%	
Reversal of Impairment Loss	-	-	-	0.00%	
Changes in Fair Value	-	-	-	0.00%	
Inventory: Reversal of write-down to Net Realisable Value	-	-	-	0.00%	
<b>Total Revenue</b>	<b>63 761 969</b>	<b>105 705 500</b>	<b>(41 943 531)</b>	<b>-39.68%</b>	
<b>EXPENDITURE</b>					
Executive & Council	(21 330 322)	(29 780 200)	8 449 878	-28.37%	Savings on budget
Budget & Treasury Office	(3 255 487)	(4 536 000)	1 280 513	-28.23%	Savings on budget
Corporate Services	(6 928 105)	(7 808 000)	879 895	-11.27%	Savings on budget
Planning & Development	(24 349 486)	(28 963 000)	4 613 514	-15.93%	Savings on budget
Health	(50 866)	(84 000)	33 134	-39.45%	Savings on budget
Community & Social Services	2 836 499	(4 516 000)	7 352 499	-162.81%	Savings on budget
Housing	-	-	-	0.00%	
Public Safety	(2 648 377)	(3 218 000)	569 623	-17.70%	Savings on budget
Sport & Recreation	-	-	-	0.00%	
Environmental Protection	-	-	-	0.00%	
Waste Management	-	-	-	0.00%	
Waste Water Management	-	-	-	0.00%	
Road Transport	(9 632 746)	(29 165 000)	19 532 254	-66.97%	Savings on budget
Water	-	(565 000)	565 000	-100.00%	Savings on budget
Electricity	(15 360)	(765 000)	749 640	-97.99%	Savings on budget
Less: Interdepartmental Charges	-	-	-	0.00%	
<b>Total Expenditure</b>	<b>(65 374 250)</b>	<b>(109 400 200)</b>	<b>44 025 950</b>	<b>-40.24%</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>129 136 219</b>	<b>215 105 700</b>	<b>(85 969 481)</b>	<b>-39.97%</b>	

**APPENDIX E (2)**  
**NAMAKWA DISTRICT MUNICIPALITY**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011**  
**ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2011 Actual	2011 Under Construction	2011 Total Additions	2011 Budget	2011 Variance	2011 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Executive & Council	55 991	-	55 991	77 000	(21 009)	-27.28%	Savings on budget
Budget & Treasury Office	331 968	-	331 968	455 000	(123 032)	-27.04%	Roll-over of budget
Corporate Services	773 915	-	773 915	1 441 000	(667 085)	-46.29%	Roll-over of budget
Planning & Development	200 495	-	200 495	228 000	(27 505)	-12.06%	Roll-over of budget
Health	-	-	-	-	-	-	
Community & Social Services	24 576	-	24 576	36 000	(11 424)	-31.73%	Savings on budget
Housing	-	-	-	-	-	-	
Public Safety	3 465	-	3 465	8 000	(4 535)	-56.69%	Savings on budget
Sport & Recreation	-	-	-	-	-	-	
Environmental Protection	-	-	-	-	-	-	
Waste Management	-	-	-	-	-	-	
Waste Water Management	-	-	-	-	-	-	
Road Transport	-	-	-	-	-	-	
Water	-	-	-	-	-	-	
Electricity	-	-	-	-	-	-	
<b>Total</b>	<b>1 390 410</b>	<b>-</b>	<b>1 390 410</b>	<b>2 245 000</b>	<b>(854 590)</b>	<b>-38.07%</b>	

**APPENDIX F**  
**NAMAKWA DISTRICT MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 30 June 2010	Contributions during the year	Interest on Investments	Other Income	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2011	Unspent 30 June 2011 (Creditor)	Unpaid 30 June 2011 (Debtor)
<b><u>National Government Grants</u></b>									
Finance Management Grant	125 741	1 000 000	-	-	(1 122 607)	-	3 134	3 134	-
RSC Levies Replacement Grant	-	22 808 508	-	-	(22 808 508)	-	-	-	-
Equitable Share	-	5 704 000	-	-	(5 704 000)	-	-	-	-
Concillors Remuneration Grant	-	778 000	-	-	(778 000)	-	-	-	-
Municipal Infrastructure Grant	6 306 104	5 242 000	-	-	(5 919 041)	-	5 629 063	5 629 063	-
Municipal System Improvement Grant	184 599	150 000	-	-	(332 482)	-	2 117	2 117	-
PIMS	1 439 759	688 701	-	-	(1 104 739)	-	1 023 721	1 023 721	-
<b>Total National Government Grants</b>	<b>8 056 203</b>	<b>36 371 209</b>	<b>-</b>	<b>-</b>	<b>(37 769 378)</b>	<b>-</b>	<b>6 658 034</b>	<b>6 658 034</b>	<b>-</b>
<b><u>Provincial Government Grants</u></b>									
Border Fencing	54 239	-	-	-	-	-	54 239	54 239	-
Civil Defence Subsidy	-	-	-	-	-	-	-	-	-
Department of Transport	632 143	14 445 102	-	-	(16 182 652)	-	(1 105 408)	-	(1 105 408)
Drought Relief	357 262	-	-	-	(283 388)	-	73 874	73 874	-
EPWP	135 792	206 000	-	-	-	-	341 792	341 792	-
Fire Equipment Grant	307 515	350 000	-	-	(115 181)	-	542 334	542 334	-
IDP/LDO	420 906	-	-	-	(28 350)	-	392 556	392 556	-
Komaggas Road	4 371	-	-	-	-	-	4 371	4 371	-
SA Projects	205 909	-	-	-	-	-	205 909	205 909	-
Namaqua Sanitation Bucket System	213 395	-	-	-	-	-	213 395	213 395	-
NC Housing	500 000	-	-	-	-	-	500 000	500 000	-
Nieuwoudtville Access Road	-	900 000	-	-	(551 523)	-	348 477	348 477	-
Sakrivier Bridge	512 623	-	-	-	-	-	512 623	512 623	-
Contingency Fund	917 927	-	-	-	(126 333)	-	791 594	791 594	-
Fencing	42 555	-	-	-	-	-	42 555	42 555	-
Electronic Filing System	15 227	-	-	-	-	-	15 227	15 227	-
<b>Total Provincial Government Grants</b>	<b>4 319 864</b>	<b>15 901 102</b>	<b>-</b>	<b>-</b>	<b>(17 287 427)</b>	<b>-</b>	<b>2 933 539</b>	<b>4 038 946</b>	<b>(1 105 408)</b>
<b><u>Other Grant Providers</u></b>									
Brandvlei Electricity Network	12 896	-	-	-	(12 896)	-	-	-	-
Maintenance Fund	22 233	-	-	-	-	-	22 233	22 233	-
Spoegrivier Sport Ground (Lotto)	5 290	-	-	-	-	-	5 290	5 290	-
Swartzkop Sport Ground (Lotto)	207 475	-	-	-	-	-	207 475	207 475	-
Training Reserve (SETA)	537 418	81 934	-	-	-	-	619 351	619 351	-
Kamiesberg Special Fund	146 055	497 000	-	-	(617 758)	-	25 297	25 297	-
Richtersveld Special Fund	92 263	53 000	-	-	(142 250)	-	3 013	3 013	-
<b>Total Other Grant Providers</b>	<b>1 023 630</b>	<b>631 934</b>	<b>-</b>	<b>-</b>	<b>(772 904)</b>	<b>-</b>	<b>882 660</b>	<b>882 660</b>	<b>-</b>
<b>Total Grants</b>	<b>13 399 697</b>	<b>52 904 244</b>	<b>-</b>	<b>-</b>	<b>(55 829 709)</b>	<b>-</b>	<b>10 474 232</b>	<b>11 579 640</b>	<b>(1 105 408)</b>